A door cracks open in Europe
How public procurement deal helps GE and Westinghouse
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Computer graphics
3-D vision of IBM's future
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Only the beginning
Why Yeltsin's victory may not end deadlock
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FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY APRIL 27 1993 — D8523A

Economic noose tightens around rump Yugoslavia

The world began tightening the economic noose around the rump Yugoslavia after Bosnia's Serbs defied international pressure and rejected a UN-sponsored plan to end the civil war in Bosnia.

The Bosnian Serb assembly said yesterday it would reject the plan to divide Bosnia into 10 ethnic provinces despite the certainty of stepped-up sanctions on Yugoslavia. Page 18; Further reports, Page 2; Editorial Comment, Page 17

Inflation hope: The underlying west German inflation rate will slow "relatively quickly" because of moderate pay settlements, according to the Bundesbank's Otmar Issing. Page 18; Deals may undermine militancy, Page 2

Siemens: Net profits at Germany's biggest electrical and electronics group, rose just 2 per cent to DM877m ($544.7m) in the first half of the current year, the company said. Page 19

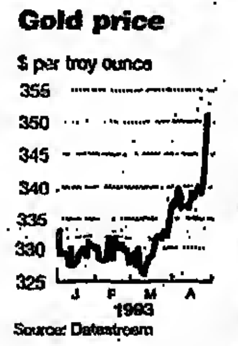
UK's GNP rises: Britain reported the first significant rise in gross domestic product for 2½ years, confirming recent evidence that the country has emerged from one of its longest recessions since the 1940s. Page 18 and Lex; Details, Page 11

Death toll: Sixty-one people were feared killed when an Indian Airlines aircraft crashed soon after taking off from the western city of Aurangabad. Airline officials said there were 45 survivors.

Gota Bank: The Swedish government said around 20 domestic and international banks had shown "serious interest" in buying the bank, which was taken over by the state in the face of mounting losses last December. Page 19

Goodyear Tire & Rubber, last US-owned tyre group, posted better-than-expected first quarter earnings of $87.1m or 60 cents a share against a forecast $53m to $56m. Page 21

Gold price reaches six-month high



A concerted effort by some of the world's high-profile financiers to focus investors' attention on gold paid off yesterday when the price moved up by US$7.35 troy ounce in London to close at a six-month peak of $351.50. This followed weekend revelations that George Soros, renowned for making more than $1bn profit in the currency markets in September by betting against sterling and the Italian lira, had bought $400m-worth of shares in Newmont Mining, biggest of the north American gold producers. Page 28; Lex, Page 18

SmithKline Beecham, Anglo-American drugs and consumer products group, said Henry Wendt, chairman, and Robert Bauman, chief executive, would retire next April. Page 19

Norsk Hydro, Norway's biggest publicly quoted company, has more than doubled first-quarter net profits to NKr506m ($75.5m). Page 19

Talks today: The first steps towards ending four decades of animosity between China and Taiwan are likely to be taken today when representatives of the two meet in Singapore. Page 4

More fraud: Reported fraud in the European Community almost doubled in 1992, with the Common Agricultural Policy offering the most opportunities, according to a report. Page 2

Opening up: Mar'ie Muhammad, Indonesia's finance minister, said his government planned to improve incentives for foreign investors in response to increasing competition for capital from China, Vietnam and India. Page 4

Villagers drown: A river burst its banks in a remote region of north-west Colombia, sweeping away houses and drowning up to 58 people in a sea of mud and rocks, police and officials said.

Output down: Japanese vehicle production fell by 6.2 per cent in the year to the end of March, the sharpest fall since 1974 when the industry was hit by the deep recession brought on by the rise in world oil prices. Page 4

Mitsubishi Corporation: A picture caption in yesterday Financial Times wrongly identified the offices of Mitsubishi Corporation in Broadgate, which had been wrecked by Saturday's IRA bomb, as those of Mitsubishi Bank's London headquarters. We regret any confusion which the error may have caused.

■ STOCK MARKET INDICES

FT-SE 100:	2822.3	(-21.5)
Yield	4.04	
FT-SE Eurotrack 100	1152.81	(-3.69)
FT-A All-Share	1392.17	(-0.5%)
Nikkei	19,823.63	(-80.52)
New York lunchtime		
Dow Jones Ind Ave	3411.61	(-2.16)
S&P Composite	435.84	(-1.19)

■ US LUNCHTIME RATES

Federal Funds:	3⅛%
3-mo Treas Bills: Yld	2.92%
Long Bond	103$\frac{5}{32}$
Yield	6.823%

■ LONDON MONEY

3-mo Interbank	6⅛%	(6$\frac{1}{16}$%)
Liffe long gilt future:	Jun 104$\frac{13}{32}$	(Jun 105$\frac{3}{32}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (July)	$18.90	(18.89)

■ Gold

New York Comex June	$353.8	(347.5)
London	$351.5	(344.15)

■ STERLING

New York lunchtime:		
$	1.5853	
London:		
$	1.58	(1.575)
DM	2.4925	(2.495)
FFr	8.4275	(same)
SFr	2.255	(2.2525)
Y	175.5	(174.25)
£ index	81.5	(81.2)

■ DOLLAR

New York lunchtime:		
DM	1.5685	
FFr	5.30275	
SFr	1.42	
Y	110.55	
London:		
DM	1.5675	(1.584)
FFr	5.3	(5.35)
SFr	1.4175	(1.4305)
Y	110.4	(110.6)
$ index	63.1	(63.4)

Tokyo close Y 110.55

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	Ikr160	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	KSL45		
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira30	Spain	Pta200		
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr16.00	Sweden	SKr15		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00		
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Thailand	Bht50		
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc215	Turkey	L7000		
						UAE	Dh11.00		

Parliamentary opponents dismiss results and say poll has split Russia

Yeltsin claims convincing victory

By Leyla Boulton, John Lloyd, and Andrew Gowers in Moscow

RUSSIAN president Boris Yeltsin yesterday claimed to have won a convincing, if not absolute victory, in Sunday's refereodum but his opponents immediately dismissed the result.

Mr Yeltsin's office said he won 59.2 per cent support for his presidency in the first 79 of Russia's 88 regions to tally results from Sunday's referendum. Voters also backed the government's reform policies, with 53.61 per cent declaring their support.

Mr Ruslao Khasbulatov, the chairman of the Russian parliament, dismissed the results and claimed the referendum had split society. He accused Mr Mikhail Poltoranin, the Yeltsin aide in charge of the state-owned media, of "Goebbels-style lies".

While only a simple majority was required for the first two questions, Mr Yeltsin failed to achieve lbe absolute majority required by the constitutional court to call early parliamentary elections. Only 42.9 per cent of the electorate of 106m supported early elections, with which Mr Yeltsin would like to combine the introduction of a new-style bicameral parliament foreseen by his draft constitution.

The results confirmed, however, that he remained more popular than the parliament, with only 32.8 per cent of the total electorate supporting early presidential elections. Although aggregate results were nnt yet available, turnout was reported by the Russian Information Agency as just above 60 per cent.

Mr Alexaoder Rutskoi, vice-presideot, another high-profile Yeltsin opponent, said it was impossible to talk of "overall popular support" for the president.

Mr Sergei Shakhrai, deputy prime minister and a key Yeltsin aide, said the president would move swiftly to capitalise on the results. There would be a cabinet shake-up on Thursday and a new constitution would be discussed with leaders of the republics and regions this week before it was submitted to parliament.

If deputies refused to adopt the new constitutioo, Mr Yeltsin would call immediate parliamentary elections.

"There mnst be no cavalry charge but nor can the president sit on the result," Mr Shakhrai said. He stressed the oeed for rapid action in the economic sphere, particularly oo inflation, "because otherwise the rouble will disappear by the autumn".

The results counted showed a widely varying picture across the country. Mr Yeltsin's support was at its highest in Moscow and St Petersburg. But this was in sharp contrast to the vote against him in central provinces such as Penza and rebel autonomous regions such as Ingushetia, where the president imposed emergency rule to deal with ethnic clashes.

Mr Vladimir Isakov, the co-ordinator of the parliament's hard-line Russian Unity bloc, said the results of the referendum gave "neither political nor moral ground for any unconstitutional acts by the president".

Other anti-Yeltsin deputies, closer to the centre of the political spectrum, argued that the Russian leader had fooled the west and the Russian people.

Mr Viktor Aksiuchits, leader of the Christian Democratic movemeot, said: "Yeltsin created this myth that without him, the red-browns (extreme Communist and nationalist opposition) would come to power. His only platform is anti-Communism but there is a big distance between that and democracy."

Mr Iona Andronov, deputy chairman of parliament's foreign affairs committee, warned the west that any money it poured into Russia would "disappear into the pockets of the corrupt officials of the Yeltsin administration".

Corruption in politics, Page 3
Time for talk is over, Page 17

IMF urges rate cuts to increase world growth

By Peter Marsh, Economics Correspondent, in Washington

THE International Monetary Fund yesterday urged governments to take "effective action" to increase world growth by a combined programme of cuts in interest rates together with moves to bring down state borrowing.

The suggestion was aimed primarily at Germany, where the level of interest rates has a big effect on borrowing conditions throughout Europe and where the fiscal deficit has soared, largely due to reunification.

The study said there was "a considerable risk" that the prospective reduction in interest rates across Europe, sparked by likely Bundesbank easing in the coming months, "might occur too late or be insufficient to contain the negative forces" damping European economic activity and pushing up unemployment.

According to a possible programme of action outlined by the IMF, the "principal contribution" to a world growth package would be "a further, significant and progressive reduction in interest rates, starting in Germany". The report also suggested that Japan might have leeway to cut interest rates because of its low inflation and the high value of the yen.

The IMF has told Britain it will have to raise taxes or cut spending to curb its growing government deficit, possibly as early as this year. The fund also suggests Britain might have trouble meeting its inflation target next year and warns that recent signs of a return to growth could be ended by either a continuation of large fiscal deficits or rapidly rising prices. *World economic outlook, Page 6; UK GDP rises, Page 18*

The IMF said the idea of lower interest rates was "generally warranted in light of the current weakness of activity and declining inflation in most [industrial] countries".

At the same time, industrial nations should cut their rising government deficits to boost confidence of financial markets and clear the way to steady long-term economic expansion.

The IMF has slashed its growth projection for the European Community this year to only 0.1 per cent. In its last outlook, published in October 1992, the IMF said EC growth would be 2.3 per cent in 1993.

Much of this revision is due to the expected slowdown in Germany.

Continued on Page 18

Jacques Attali (right), president of the EBRD, with Theo Waigel, the German finance minister (left) and UK chancellor Norman Lamont. Page 18

UK police make arrests and seek new powers after bomb

By Our Financial Staff in London

SENIOR British police officers yesterday called for wider powers and greater resources to fight terrorism, as arrests were made in connection with the bomb that devastaled a wlda area in the heart of the City of London on Saturday and killed one man.

But the government refused to be provoked into immediate action to step np security in the City after the Irish Republican Army's bomb, indicating it was determined to resist playing into the terrorists' hands with a "knee-jerk" reaction.

Up to 20,000 City workers found themselves yesterday either unable to work or relocated into temporary offices with only the barest facilities. Some of the banks and other businesses worst affected by the blast were obliged to take up space in the offices of their competitors.

Despite this, the Corporation of London, the City's local government, said "more than 90 per cent" of City workers had been able to carry on as normal.

Mr Owen Kelly, City of London police commisstoner, said he wanted the government to give police greater flexibility to stop and search vehicles on suspicion of terrorism.

"We think there is a case for relooking at that legislation. It does reduce our effectiveness," Mr Kelly said. "Given the freedom of the individual in our society, it would be unrealistic to guarantee this won't happen again. It is up to government to decide how far we can go [in extending police powers]."

Mr John Major, the prime minister, did not respond directly, but commented: "Today in the City it is business as usual."

Mr Kenneth Clarke, home secretary, hinted that no early move to boost police powers or change procedures was likely. "The fact is that the security forces do all the sensible things now," he said.

Security is being reviewed, however, and MPs appeared ready to back greater resources for the police in London, perhaps for more roadblocks. But there is a reluctance to introduce the level of security seen in Belfast, where armed police and soldiers patrol streets and roadblocks are commonplace.

Last night, police were still trying to establish a connection between those arrested – described as "less than 10 men and womeo" – and the weekend bombs. "There is still a lot of hard work to be done," one senior police source said.

Separately, police were studying video film captured on police traffic cameras and by a commercial building for clues. Although the enhanced images were understood not to be of sufficient quality to identify the bombers, it confirmed that the vehicle which contained the bomb had been parked in Bishopsgate at just before 9am on Saturday.

Meanwhile, the Association of Insurance and Risk Managers in Industry and Commerce, which represents more than 300 UK insurance buyers, warned insurance arrangements put in place to cover terrorist damage after a City bomb last April would now be unworkable.

It said a compulsory levy should be attached to all commercial insurance policies to cover terrorism risk. Otherwise, businesses based in the City and other high-risk areas would face much higher premiums.

How the City coped, Page 10

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LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Ciampi is nominated Italian premier

By Robert Graham in Rome

MR Carlo Azeglio Ciampi, the veteran governor of the Bank of Italy who has never held political office, accepted a challenge from Italy's presidenl yesterday to form the country's 52nd postwar government. His appointmeot comes against the background of a deepening corruptioo scandal.

Mr Ciampi, aged 72, promised to carry out the radical electoral reform eodorsed by Italy's voters this month. He pledged that he would also continue with fiscal austerily, defend the lira and regain the lost momentum of privatisation.

The surprise move represeots the personal choice of President Oscar Luigi Scalfaro, who has used his constitutional powers to the limit. It is the first time that a non-parliamentarian has been asked to head a government, a fact that underlines the deadlock among the main parties over a replacement to Mr Giuliano Amato, whose four-party coalition government resigned last Thursday.

Mr Ciampi is understood to have bad reservatlons aboul accepting the task and bas demanded freedom from the normal tutelage of the party leaders in choosing his cabinel.

He hopes to be able to announce his team today. It will then have to be endorsed by parliament – a process that cannot be taken for granted.

Temporarily Mr Ciampi's position in the Bank of Italy will nol be filled. Earlier lhis year be indicated his desire lo retire, but the political parties have been squabbling over who should succeed him.

His government will bave lbe limited aim of introducing a new set of electoral laws as soon as possible and will then bold early elections.

The financial markets reacted positively to the news, with lbe lira slrengthening from L941 against the D-Mark lo L933 by the end of the day. In his acceptance speech, Mr Ciampi made a point of promising to continue to reduce the public sector deficit.

The presideot has gambled on Mr Ciampi's professional prestige achieve a broad consensus in par-

Continned on Page 13
Profile, Page 2

Common agricultural policy proves the most tempting target

Fraud doubles in the Community

By Lionel Barber in Brussels

REPORTED FRAUD in the European Community almost doubled in 1992, with the common agricultural policy offering the most tempting opportunities, according to a European Commission report released yesterday.

One in three cases involving abuse of the EC's farm export guarantee system occurred in Italy, according to the report. France, Germany, and Britain accounted for another third of these cases which cover false declarations and abuse of EC support for sactors such as milk, milk powder, meat, oils and cereals.

In agricultural funding, the number of cases reported by member states rose last year by 616 to 820, at a cost of Ecu152m (£120m). The cases of fraud occurring in areas such as customs duties and farm levies rose from 600 in 1991 to 1030 in 1992, at a cost of Ecu117.8m.

Two years ago, independent experts estimated that the EC was losing around Ecu10bn a year to fraud. Yesterday, the Commission said only 10 per cent of the money lost was ever recovered, largely because of the difficulties in detection and lengthy prosecution in national courts.

The Commission also declared there was no reliable way of calculating the level of fraud. "Only one thing may be said with certainty: the scale of fraud against the Community far exceeds the figures reported by the member states," according to a question-and-answer sheet made available yesterday.

The Commission paper suggests there is no such thing as a typical EC fraudster; but in agriculture "there does appear, broadly speaking, to be a north-south division".

In the north, large-scale fraud matches larger farm holdings; but in the south, there were more cases of small farmers making fraudulent declarations covering olive oil and other farm products, according to the paper.

Mr Emile Mennens, the Commission's senior anti-fraud official, said Brussels' budget in this area would increase from Ecu76.5m (1992) to Ecu133.2m this year, largely to ensure that the agreed reform of the CAP was carried out by member states. But he stressed that the main responsibility for tackling fraud remained with the individual EC members.

Mr Mennens added that new techniques were being introduced to fight fraud: such as satellite photography to inspect 10 per cent of livestock and 5 per cent of land every year. The Commission also plans faster exchange of information among customs officials and tax officials in member states, bolstered by new computerised systems.

Italy's bank governor dives into political fray

By Robert Graham in Rome

IT IS impossible to hear anyone speak ill of Mr Carlo Azeglio Ciampi, the 72-year-old governor of the Bank of Italy.

The high personal esteem in which he is held by politicians of all parties explains why Mr Ciampi was chosen yesterday in extremis to form Italy's 52nd post-war government.

At a time of public concern over corruption, his integrity is beyond question. And he has always been scrupulously neutral in his public attitude towards the parties. As the epitome of a discreet civil servant his name has cropped up on occasions either as a figure to head a "super" economy ministry or to head a government of technicians.

He has been reluctant to press his own candidacy. Partly, this is because he is already close to retirement as governor after nearly 14 years at the helm. In February he confirmed his desire to retire when asked about rumours of his departure: "If a person has been asked to stay on, it means that the same person has requested to go."

More importantly he lacks direct political experience. Since 1946, his entire working life has been within the confines of the Bank of Italy, and the world of central bankers. He has dealt with politicians at arms length invoking the Bank of Italy's prestige as a bi-partisan institution and has been instrumental in ensuring it has become fully independent.

Over the years, the politicians have all nodded reverentially in his direction and then proceeded to ignore his advice on reigning in public spending and tackling Italy's debt.

The tone of his public statements has as a result become increasingly exasperated. Last May in his annual bank statement on the state of the nation said bluntly: "It is unacceptable that a society with a clear awareness of the nature of the problems it faces, which has identified the instruments and means of resolving them, defined its objectives, and has the resources to achieve them, is incapable of translating this into action."

He enjoys a strong personal relationship with President Oscar Luigi Scalfaro, which is likely to be a central factor in efforts to achieve a consensus among the political parties on electoral reform. Both are of the same generation, saw service during the war, experienced the founding of the Republic and are devout Catholics. They also have summer houses north of Rome near each other.

Mr Ciampi had hoped, like many from his native Livorno, to pursne a naval career. Though invalided out because of problems with his eyes, his conversation is full of nautical metaphors and he likes to run the bank with the firmness of a ship's captain. He is going to need all this firmness.

Contours alter on Bosnian peace map

Change is almost certainly on the cards for 'the only game in town', believes **Robert Mauthner, Diplomatic Editor**, in London

THE Vance-Owen plan for Bosnia may never be declared formally dead, but few observers still believe that it can serve unchanged as the basis for a durable peace settlement after its latest rejection by the Bosnian Serbs.

The funeral oration for the plan cannot be delivered for the simple reason that the package of tougher international sanctions decided by the United Nations Security Council, due to come into effect today, are linked to the plan. The sanctions are specifically intended to force the Bosnian Serbs to endorse the plan, as the result of pressure applied on them by their Serbian "big brother" in Belgrade.

If the Security Council, or the US and its allies alone, should decide to take military action, be it the selective lifting of the arms embargo to help the Bosnian Moslems or air strikes against Bosnian Serb supply routes, those measures, too, will officially have the same political objective.

In the well-worn phrase often applied to it by commentators, it is still the only game in town, meaning that it is still the only official political blueprint for a peace settlement, backed by both the United Nations and the EC.

Its defects are widely recognised. But so is the fact that these very flaws are the result of the insistence by the international mediators, Mr Cyrus Vance and Lord Owen, to preserve both an independent state of Bosnia-Hercegovina and the virtual autonomy of its various ethnic groups in regions which they traditionally inhabited. The result would be the withdrawal of the Bosnian Serbs from much of the territory they occupy at present, reducing the area allocated to them from 70 per cent of the total to 43 per cent.

Those considerations are considered to be central to any peace settlement by the international community, particularly given the Bosnian Serbs' undisguised desire to submerge an independent state of their own in a greater Serbia. But they have made it difficult to devise a viable alternative project showing the same degree of impartiality or one which could muster anything like the same international support as the Vance-Owen plan has done.

Western opinion has tended to blame the Bosnian Serbs for all the plan's setbacks during the many months it has been discussed by the warring parties in Geneva and New York. But the question has often been asked whether, even if the Bosnian Serbs had endorsed the plan, it was ever realistic to believe that it could be effectively implemented or offer a durable solution to Bosnia's complicated ethnic and political problems.

The viability of a state divided into 10 semi-autonomous provinces, many of which are separated from others with the same ethnic composition, has always been questionable. The policing of the borders of this jigsaw of cantons and the freedom of movement along specially designated routes linking different parts of the country, would be an extraordinarily difficult task. At a conservative estimate it would require at least 60,000 UN peacekeepers to do the job for an indefinite period. That could last at least two decades given the bitterness felt by all the ethnic groups – Moslems, Croats and Serbs – at the atrocities perpetrated against each other. And even such a large number of UN troops might not be sufficient to prevent a renewed outbreak of hostilities.

Even if the Bosnian Serbs can be forced by tougher international sanctions, or military intervention, to reconsider their outright opposition to the plan, it seems increasingly improbable that it will survive in its present form. Given the mutual hostility between Moslems, Serbs and Croats, a greater concentration of the various ethnic groups in homogeneous regions is much more likely to be the long-term outcome of the Bosnian imbroglio than the Vance-Owen map, however sophisticated and equitable it is on paper.

Radovan Karadzic, leader of the Bosnian Serbs whose rejection of the Vance-Owen peace plan has left western allies without an alternative policy for curtailing the bloodbath in former Yugoslavia

Sanctions add to confusion in Belgrade

By Laura Silber in Belgrade

AN ATMOSPHERE of confusion yesterday pervaded Belgrade, the Serbian and Yugoslav federal capital, after Bosnian Serb leaders once again rejected the Vance-Owen peace plan.

As Serbians faced the imposition of new United Nations sanctions aimed at isolating the country, weary shoppers at Kalenic, the city's biggest vegetable market, appeared more worried about the rising price of potatoes than the future of the peace plan for Bosnia.

They praised the refusal of Bosnian Serb leaders to cave into western threats of sanctions and military intervention. But most also claimed to back the efforts of President Slobodan Milosevic of Serbia, to persuade the Bosnian Serb deputies to vote in favour of the peace plan.

No one appeared to see any contradiction between the rejection of the peace plan and the appeal from Mr Milosevic and his Yugoslav and Montenegrin counterparts, who on Sunday warned the Bosnian Serb deputies: "You have no right to endanger the lives of 10m Serbs".

Many Belgrade residents seemed uncertain about the first public division between the interests of Yugoslavia, now comprised of Serbia and Montenegro, and Serb-held territories in other former Yugoslav republics.

"They are both right. Each from their own perspectives," said Olga, a 67-year-old pensioner. She denied there was any reason to resent Bosnian Serbs because Serbia had to bear the brunt of the new sanctions regime.

"The sanctions will be lifted when the west realises they have have made a mistake," she added.

While Belgrade inhabitants seemed confused, diplomats were also at a loss on how seriously to take the apparent split between Mr Milosevic and Mr Radovan Karadzic, the Bosnian Serb leader. "It is the first visible fissure. But it remains to be seen how deep and serious it is," said one diplomat.

"It is extremely late in the game for where."

But Jelena was a rare critic. Most people backed the rejection of the peace plan.

"They made the right decision. If America bombards us, we will defend ourselves," said Milan, a pensioner who was born in Srebrenica, the fallen Moslem enclave in eastern Bosnia.

"They could not approve a plan that takes away everything that is ours with one stroke of the pen," he said. The proposed plan calls for Serb forces to give up nearly half of the territory they have seized over the past year of war.

"I would have given in. I would do anything for peace," said Amra, a 25-year-old Moslem married to a Serb in Belgrade.

"My parents are living in Bosnia. I am scared for them amid the lies that no-one can live together any more," she said wheeling her year-old daughter through the park.

Reports that buses heading for Hungary were turned back at the frontier yesterday also heightened fears among Yugoslavs of being cut off from the outside world.

The sanctions regime has pnshed even pro-western Yugoslavs towards anti-western sentiment.

Fire damages east German property files

By Quentin Peel in Bonn

AN EAST German castle which contains 13 km of property registers for the territory was severely damaged in an arson attack at the weekend.

The attack appears to have been a dramatic attempt to disrupt the restoration of east German properties to their former owners, including Jewish families dispossessed by the Nazis, and opponents of the former communist regime.

Only a small proportion of the files was totally destroyed or severely damaged by the fire and water – initially estimated at some 400 metres of shelving, or about 3 per cent.

However, the entire collection will now have to be moved to other buildings, causing new difficulties and delays in the very complex restitution of property.

Most of the roof and floors of Schloss Barby, an 18th-century mansion near Magdeburg, were burned out after the attack, which was started in eight separate places, according to a spokesman for the justice ministry in the state of Saxony-Anhalt.

"This was not just some individual pouring a little petrol in a remote corner of the building," Mr Thomas Ahrens, the spokesman, said. "This was a rather professional job, carried out in a sophisticated manner."

It was impossible to say whether the arsonist or arsonists were motivated by the desire to destroy individual files, or intended to disrupt the entire property restitution, he said.

"It does not look like the work of a single person. Many people might be annoyed at the whole process of restoring property to former owners, although scarcely enough to attempt to burn down the entire land registry," he added.

The federal German government has insisted that, wherever possible, property in the east should be restored to its rightful owners, and compensation paid only as a second-best solution.

Opposition critics say compensation should be the norm, to prevent the possible eviction of innocent occupants.

Before the latest attack, the staff at Barby had been inundated with tens of thousands of requests for titles to properties confiscated before and after the second world war.

They were expecting to spend years searching in files which had been stored in damp cellars, and deliberately damaged by the Nazis to destroy evidence of Jewish ownership.

The castle was once owned by Prince Heinrich of Saxony.

Under the communist regime in East Germany, it was first used as a garrison for Soviet troops, then as a hostel for migrant workers from Cuba and Vietnam, and since 1979 as a top-secret registry under the control of the Stasi security police.

Pay deals of 9% may undermine militancy

By Quentin Peel in Bonn

TWO LEADING German trade unions yesterday announced agreement on 9 per cent pay rises for their east German members, just as tens of thousands of engineering and steel workers started voting in a strike ballot on whether to reject a similar offer.

The agreements – by the chemical workers' union, IG Chemie, for 5,000 rubber workers, and by the banking and retail workers' union, HBV, for 300,000 shop workers – are likely to undermine the militant campaign by IG Metall, the giant engineering union.

Steel and engineering workers were being asked to vote for all-out strike action yesterday, in protest at the unilateral abrogation of their pay deal by Gesamtmetall, the engineering employers' organisation, which says it will force many eastern members into bankruptcy.

The details emerged as Chancellor Helmut Kohl issued a call for urgent negotiations in the engineering dispute, and then hastily withdrew it apparently for fear of being seen to interfere in the wage bargaining system.

The rubber workers' deal is the most embarrassing for the engineers because the former have agreed to re-negotiate a step-by-step contract for wage equalisation with the west, and settle for a relatively modest 9 per cent.

The shopworkers, in a sector far more resilient than manufacturing, have accepted 9 per cent, but it takes them to 86 per cent of western pay levels – above the 82 per cent level the engineering workers seek.

The engineers have refused to accept a slowdown in their contract providing for pay to rise from 71 to 82 per cent of western levels this year (equivalent to 15.5 per cent on current rates), and to reach 100 per cent next April. They have rejected a 9 per cent offer from Gesamtmetall.

The engineers' pay deal was originally the model for most east German industrial workers, but the collapse of manufacturing in the region, and fears over excessive unit wage costs, have persuaded others to slow the equalisation.

Voting in the strike ballot began briskly yesterday, with IG Metall officials insisting they would win the 75 per cent Yes vote necessary to call an all-out stoppage.

BASF plans new plant in Belgium

By Christopher Parkes in Frankfurt

BASF, the German chemicals group, is to build a new DM350m ($217m) acrylic acid plant in Antwerp, Belgium, in a move which may spell the end of one of the three similar facilities at its main base in Ludwigshafen.

The new plant will have a capacity of 160,000 tonnes a year and is expected to start production in July 1995.

BASF currently produces acrylic acid, used in paints, super-absorbers for hygiene products and sewage treatment, at three facilities in Ludwigshafen and one in Freeport in the US.

The moves underline a growing tendency among German chemicals companies to try to counter structural disadvantages, most notably high domestic wage costs, by moving capacity out of the country, concentrating on further processing of base chemicals, or simply closing uneconomic capacity.

Hoechst finds itself back under media spotlight

Spillages may force the company to tighten procedures, **writes Christopher Parkes**

LAST Sunday morning a bright yellow cloud drifted out over the western Frankfurt suburb of Hoechst. Around tea-time, the fire-brigade was summoned to douse a leaking rail tanker in Offenbach, east of the city. Later that night, Hoechst, Germany's biggest chemicals concern, was back in the television news headlines.

The weekend's events were the latest to damage a campaign being waged by Germany's chemical companies to persuade Bonn to reduce environmental requirements, costing the industry DM6bn ($3.79bn) and Hoechst DM1.6bn a year.

Recent events make it likely they will instead have to pay more to restore confidence.

Hoechst has repeatedly promised tighter controls, but there have been 15 accidents at Hoechst since the release two months ago of a 10-tonne toxic cocktail into the Main valley atmosphere. On that occasion 40 people were given medical treatment, dogs were provided with protective boots, children were ordered indoors and topsoil from gardens and allotments was carted away for safe disposal.

By contrast, the Sunday morning cloud, resulting from a blast of 50kg of paint and plastics pigment released through a rip in a pump filter sack, had been speedily checked and pronounced harmless. A few dozen local residents were issued with vouchers entitling them to have their cars cleaned at the company's expense. In the Offenbach incident, it turned out, a "few grams" of sulphur dioxide had dribbled into the air "probably" through a faulty seal. There was no danger to people or the environment, the fire brigade announced.

In normal circumstances the weekend's events might be classed as routine, even unremarkable; Hoechst admits to recording up to 100 "minor" occurrences every year within its complexes.

But the company's defensive and disorganised reaction to the incident at Griesheim which started the current series, and a death and a serious injury in a later accident, have generated an atmosphere charged with mistrust and bitterness which has damaged the public standing and reputation of the whole of Germany's $100bn chemicals industry.

Earlier this month, Mr Joschka Fischer, the regional environmental minister, after conferring with Mr Klaus Töpfer, his federal counterpart, invoked for the first time a federal law which will subject Hoechst's environmental and security standards and management to intensive independent scrutiny. Failings can be punished by the withdrawal of the company's right to continue operating plant considered unreliable.

Mr Wolfgang Hilger, chairman of Hoechst, who is also president of the VCI chemicals industry association, has offered fulsome apologies but so far resisted calls that he should offer his or other board members' resignations. The only role changes likely in the immediate future will be made among the 900 security staff employed at the main plant in Hoechst.

The full board has assumed joint responsibility for security and environmental matters, previously the job of Mr Karl Holoubek, and set about reviewing and revising what Mr Hilger insists is a "state of the art" security system, and which he claims is not being operated properly at works level.

"We simply cannot allow our highly complicated and expensive plant, which is risky both for employees and local people, to be operated by careless people," he said in an interview this week.

Nor, he added, must the workforce be allowed to lose confidence and become even more careless because of a series of mishaps. "When there are a couple of bus accidents, all bus drivers become nervous – and that can lead to mistakes," he added.

According to preliminary findings, many of Hoechst's recent accidents have stemmed from sources which may be attributed to careless or relaxed application of management's vaunted state of the art rules and systems: blocked pipes, faulty seals, torn filters, damage caused by construction workers, overflows caused by heating compounds in unsealed containers. A loose screw was reportedly to blame for an explosion on March 15 which killed one man and severely injured another.

"There are people who are by their nature less careful than others. We must find out who they are and educate them better or entrust them with other jobs," Mr Hilger said.

Environment minister Fischer will probably have similar thoughts as he proceeds with his own top-level investigations.

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Attali pledge on change at EBRD

By Anthony Robinson, East Europe Correspondent

MR JACQUES ATTALI, president of tbe European Bank for Reconstruction and Development, yesterday promised to "carefully oversee rigorous implemeotation" of new measures decided after two weeks of criticism which, he said "had provided constructive lessons for the bank and for me".

But the barrage of criticism continued after tbe opening speeches with Mr Viktor Geraschenko, the Russian central bank chairman, adding his voice to complaints about the EBRD's slow pace of disbursement. He decried the "paltry" sum of Ecu6.3m (£4.97m) disbursed in Russia to date by the bank.

Despite admitting that Russia's own unpreparedness was equally to blame for slow progress, Mr Geraschenko criticised wbat be called the lack of "Russian specialists who are acquainted with the real conditions of the country".

He called on the bank to go beyond investments in the energy and minerals sector and help foster investment in the conversion of military industries, the agro-industrial sector and the development of "healthy competition in the banking system".

By contrast, Hungary reflected the concern of the "fast-track" central European countries to prevent Russia acquiring the lion's share of available resources. Mr Ivan Szabo, the fioance minister, called for the EBRD to "focus on a manageable number of well-defined priorities". He also joined the swelling chorus demanding "a strong emphasis on cost-efficieot operation".

One area in which the bank has a new chance to demonstrate its practical worth is in the area of nuclear safety which was raised by Mr Attali as a top priority at last year's EBRD conference in Budapest.

The nuclear installation safety fund, to whicb over Ecu100m has been committed by 11 countries and the European Commissloo, "will be operational by the end of this week", Mr Attali announced.

The first project, for improving safety cooditions at the Kozloduy nuclear complex in Bulgaria, will be submitted by the bank to the committee of donors next month, he added.

But Mr Attali also showed his penchant for the broader perspective by reminding his audience that the Yugoslav crisis revealed the need for Europe's diversity to be respected, and that without stable institutions the former Soviet Unioo could split up into 15 nuclear powers.

US call for more interest rate cuts

By Peter Norman

THE US yesterday said that further interest rates cuts were needed in Europe to boost growth.

Mr Roger Altman, deputy treasury secretary, said the US welcomed last week's reduction in the Bundesbank's discount and Lombard rates.

He said that the recent pace of reductions in European interest rates was "good". But the US hoped that the process of lowering European interest rates would continue.

Mr Altman made his comments to journalists after addressing the annual meeting of the European Bank for Reconstruction and Development.

His remarks suggested that Germany could come under pressure from its Group of Seven partners later this week to accelerate the easing of its monetary policy.

The G7 is due to meet on Thursday in Washington to discuss the state of the world economy amid concern at the spread of recession to Japan, Germany and other continental European countries.

Allegations of venality exchanged in run-up to referendum

Corruption seeps into Russian politics

His USSR flag in hand, an anti-Yeltsin voter comes to terms with the result

By Leyla Boulton in Moscow

RATHER than any of Russia's most pressing problems, corruption has become a pathetic hostage to the country's political infighting, illustrated by a stream of allegations in the referendum campaign.

The real question is not so much whether the charges levelled against high-level individuals in the run-up to the referendum are true or oot, but whether the problem can ever be tackled as long as it remains a political football, and as long as reforms to eradicate its causes are held back.

Corruption is all pervasive in Russia, encouraged by incomplete legislation, a lack of political will and a failure quickly to remove assets, and economic decision-making from state hands – or at the least to discourage officials from stealing.

Having had their uses in the past as a tool to fight President Boris Yeltsin's opponents, corruption allegations have been used most recently as a weapon to get at the Yeltsin camp. Tomorrow Vice President Alexander Rutskoi, a presidential hopeful who has said Mr Yeltsin cannot claim decisive victory despite winning a majority in Sunday's referendum, plans to unleash new charges of venal wroog-doing in high places.

A statement by the office of Prosecutor-General Valentin Stepankov accusing Gen Pavel Grachev, the defence minister, of corruption just three days before the referendum was also no accident. An ally of parliament in the struggle with Mr Yeltsin, Mr Stepankov, who has done little to prosecute graft until now, who has asked journalists to pay for interviews, and who published a book on the coup leaders before they were even put on trial, appeared more set on discrediting the presidential camp. The statement also threatened to undermine the hold by Yeltsin allies over the armed forces at a time when splits in the army could lead to civil war.

> Mr Yeltsin has overlooked violations by local officials to buy political support.

A week earlier, Gen Rutskoi, who claims he is loyal to the president but opposed to his entourage, accused him of doing nothing to stop the plundering of the country by an alliance of senior officials, civil servants, and mafiosi. On Saturday, the government, without denying the detailed allegations, countered that Geo Rutskoi had abused or distorted material privy to him as head of an inter-governmental committee to fight corruption, making it more difficult to investigate the crimes he had mentioned.

Now that he appears to have won some kind of popular mandate to continue his reform course, one of the most burning tasks facing Mr Yeltsin will be to put together an effective strategy combining institutional and economic reform to fight corruption.

Although he is believed to be personally honest, Mr Yeltsin has all too frequently reorganised efforts to fight corruption. He has also been prepared to overlook violations by various local officials to buy their political support. Mr Yuri Boldyrev, the president's state inspector was fired last month after President Yeltsin complained that he had caused "too many conflicts" with local authorities.

Mr Boldyrev also said he had been under pressure to focus corruption investigations on opponents of Mr Yeltsin, and that his requests for an independent body capable of investigating crimes in the military had been turned down.

Mr Mikhail Gurtovoi, head of the government's anti-corruption commission before he was sacked and his commission dissolved in February, believes the only solution now is to create popular militias. However, the tired Russian people are unlikely to emulate Italian-style outrage against their establishment. If they do rise up, however, Mr Yeltsin knows that it will be a lot messier in Moscow than in Rome, hence the urgency of acting soon, before it is too late.

Wörner presses France to take bigger Nato role

By David Buchan in Paris

FRANCE would have "everything to gain and nothing to lose" by taking a more active rôle in Nato, Mr Manfred Wörner, the alliance's secretary general said in Paris yesterday.

Before an audience at the National Assembly whicb included the French foreign minister, the Nato top official clearly hoped that his impassioned appeal for France to shake off its historic chilliness towards the alliance would catch the Balladur government at an impressionable early stage in its life.

Mr Wörner brandished his "European" credentials by noting that, as German defence minister in the late 1980s, he had helped "father" the joint Franco-German brigade whicb the two countries hope to build into the "Euro-corps" by 1995. But European defence efforts, he said, could not possibly substitute for the US security link enshrined in Nato, which now played an important role in establishing ties with Russia and east Europe and in providing military and logistic support for United Nations peacekeeping.

France need not reverse its 1966 decision to leave Nato's integrated military command, Mr Wörner said. It could follow Spain's example in keeping its troops outside Nato in peacetime, but sending its defence minister to Nato meetings to give the alliance "the benefit of its [military] competence and experience in Europe, Africa, the Middle East and in UN operations," Mr Wörner flatteringly suggested, picking up an idea floated by Mr Pierre Joxe, France's former socialist defence minister.

But Mr Alain Juppé, the new French foreign minister, was cautious in advance of a new defence white paper later this year. He did, however, signal that Paris might moderate its oppositioo to Nato extending its links eastward. Mr Juppé conceded that the new states in eastern Europe were looking for their security "not to pan-European organisations such as the Conference on Security and Co-operation in Europe (CSCE), hut to organisations such as Nato which included the US".

Japanese vehicle output falls by 6.2%

By Charles Leadbeater in Tokyo

JAPANESE vehicle prodnction fell by 6.2 per cent in the year to the end of March, the sharpest fall since 1974 when the industry was hit by the deep recession brought on by the *rise in world oil prices*.

The fall, the second consecutive year in which car production bas declined, underlines the severity of the decline in Japanese personal consumption in the past year.

Car makers played down the significance of a modest pick-up io car productioo in March, aboot 0.8 per ceot up from the year before. The Japanese Automobile Manufacturers Association says that in spite of the increase in outpnt, new car sales in the first half of April were more than 10 per cent down on last year.

Japanese vehicle makers prodnced 12,334,999 cars, buses and trucks in the year. Domestic sales of new vehicles fell by 7.4 per cent to 6.9m units, while exports fell by 2.9 per ceot to aboot 5.66m vehicles. Passenger car production was 4.3 per cent down at 9.3m units, while truck production was about 12 per cent down at 1.9m.

The restructuring forced on car producers by the downturn took another small step forward yesterday when two car producers, Nissan and Isuzu, annouoced an agreemeot for Nissan to supply Isuzu with minibuses which would be marketed under Isuzu's name.

The spread of the consumer downturn was reflected in an 8.8 per ceot fall in Japan's department store sales in March from a year before. Sales fell to Y772.5bn (£4.47bn), the 13th consecutive monthly decline.

Excluding an 8.9 per cent drop in March 1990 following introduction of a consumption tax, the fall last month was the sharpest recorded since the department stores association started collecting data in 1965.

Most leading department stores, which have reported losses or sharply lower profits in the past two weeks, are not expecting a consumer spending upturn until next year.

The economic outlook, which has been further clouded in the past week by the yen's rapid appreciation against the US dollar, was further complicated yesterday when three long term credit banks announced increases in their prime lending rates.

The banks, Industrial Bank of Japan, Long Term Credit Bank and Nippon Credit Bank, anoouoced a 0.2 per cent increase to their prime lending rate to 5.1 per cent. Some analysts believe the move may mark the start of a turning point to the movement of Japanese interest rates.

The long-term prime rate bas been cut five times since last July to an all time low of 4.9 per cent last month. Many analysts believe Japanese interest rates may soon start moviog up as the economy shows signs of bottoming out from a two-year decline.

Oxfam wants urgent Marshall Plan for Africa

West attacked for lacking political will while IMF/World Bank policies 'hurt but do not work', reports Michael Holman

OXFAM yesterday called on the west to back a Marshall Plan for sub-Saharan Africa, warning that without greater assistance the region's economic crisis is set to deepen.

"Africa is on a knife edge," Mr David Bryer, director of the Oxford-based charity, told the London launch of its Africa recovery programme.

The end of the Cold War, "fragile" peace in Ethiopia, Eritrea and Mozambique, and the emergence of more representative governments in Africa *provided the opening for a western initiative*, said Mr Bryer, adding: "Northern nations have the power to tip the balance: to support the current opportunities for recovery or to sentence the region to a spiralling and agonising decline."

But unless the opportunity were seized, prospects were bleak, Mr Bryer warned. In the words of the charity's 40-page analysis* of the crisis: "Economic stagnation, social breakdown, decaying infrastructures, crippling debt burdens, ruinous prices for commodity exports, and environmental degradation threaten to retard Africa's development prospects into the next ceotury, with frightening consequences for human welfare."

"Without recovery, more than 300m people – half the region's population – will be living in poverty by the end of the decade."

The report accuses the west of lacking the political will, contrasting the response to problems of eastern Europe and Russia with "their neglect for over a decade of Africa's far deeper problems".

Some of Oxfam's sharpest criticism is directed at the International Monetary Fund and World Bank, arguing that their policies are "hurting but oot working".

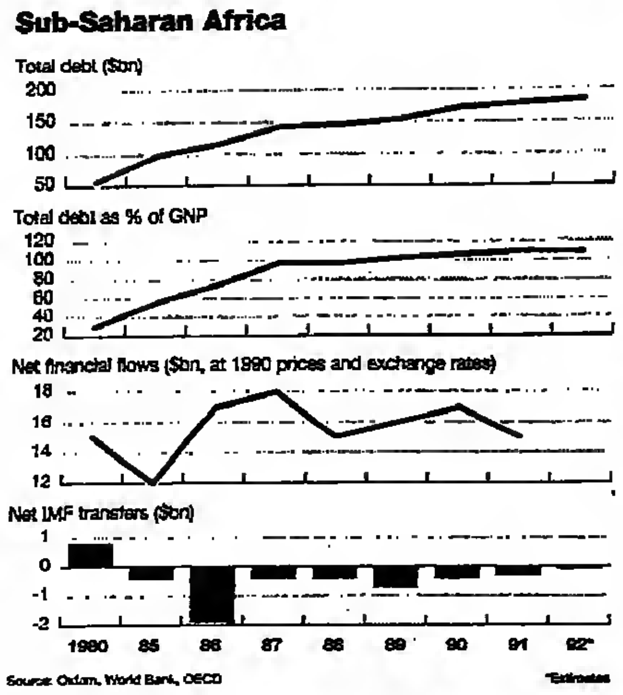
The Fund's "increasingly damaging role" stems from policy mistakes in the early 1980s, says the report: "The Fund treated what was a problem of insolvency as one of short-term liquidity, extending short-term loans at high interest rates to cover structural and trade deficits."

The Fund embarked on financing "what was bound to be a slow process of adjustment and recovery with the wrong resources and the wrong approach . . .".

"Africa has been paying the price ever since." It is time for northern governments "to face up to the fact that the IMF has failed Africa . . .".

"The time has come either fundamentally to reform the IMF or extricate it from Africa."

The report calls for a write-off or concessional rescheduling of much of the region's external debt.



Source: Oxfam, World Bank, OECD

- On current trends, Africans living in poverty will increase from 218m to 300m - half the population - by 2000
- The region has 32 of world's poorest 47 nations
- It has 10 per cent of the developing world's population but receives over 30 per cent of official aid
- It relies on aid for 80 per cent of its financial resource flows - 11 per cent of GDP (Asia 1 per cent)
- Its share of world trade has fallen from 3 per cent in 1970 to just over 1 per cent
- It receives less than 1 per cent of worldwide foreign investment
- The slide in commodity prices between 1986 and 1990 cost Africa $50bn in lost earnings - more than twice the amount received in aid

The debt crisis is deepening, says Oxfam. Total external debt in 1992 was $183bn (£116bn), including IMF and World Bank debt – $30bn higher than in 1989 when large scale cancellations began.

Multilateral agencies, mainly the World Bank and IMF, accounted for 36 per cent of debt servicing payments in 1991. Neither agency, under existing rules, is permitted to reschedule or write off debt.

Tackling the debt burden would be central to Oxfam's five-point recovery programme, which urges western governments to treat Africa with the same sense of urgency and concern that prompted the Marshall Plan.

Under the plan, launched at the end of the second world war, the US transferred some 2 per cent of its gross national product to support the rebuilding of post-war Europe.

Oxfam will put its debt proposals to the G7 summit in Tokyo in July.

Oxfam's recovery programme also calls for:

- Increased aid flows, *moving* towards the UN target of 0.7 per cent of GDP for aid budgets. Oxfam urges Britain to take a lead by agreeing an extra £100m in support of Africa's recovery.
- A fund to help Africa process its commodity exports; the ending of subsidised disposal of agricultural surpluses; reduction of protectionist barriers against Africa's exports.
- Reform of structural adjustment programmes, including protection for African industries and greater investment in health and education.
- Strengthening the UN role in aid and peacekeeping; the appointment of one special representative responsible for co-ordinating UN operations.

The report says that while the 1980s were grim, "things are getting steadily worse". Gains in health and education are being eroded, and as a result "Africa is being disempowered as the educational gap between itself and other parts of the world widens".

Oxfam's analysis is at odds with the World Bank's appraisal, published last February.** "Sub-Saharan countries have achieved significant progress in the last few years. Growth has resumed," said the Bank.

Though it acknowledges the 1990s will be a critical decade, the Bank maintains that there has been general agreement on the merits of its reforms, arguing that "adjustment has improved the lives of the vast majority of Africa's poor".

* *Africa, make or break: Action for recovery, Oxfam, 274 Banbury Road, Oxford OX2 7DZ; tel (0865) 312498/311311 fax 312580 Africa.*
** *From stagnation to recovery, World Bank, 1818 H Street NW, Washington DC 20433; tel (202) 4771234 fax 4776391*

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Indonesia tries to attract more foreign investment

By William Keeling and Victor Mallet in Jakarta

MR MAR'IE Muhammad, Indonesia's finance minister, said yesterday his government planned to improve incentives for foreign investors in response to increasing competition for capital from China, Vietnam and India.

The government is expected to streamline industrial licensing procedures, extend the periods for which foreigners are allowed to lease land and continue to liberalise the economy as a whole.

"We recognise that on a competitiveness rating we are now rather behind, especially compared with China," Mr Muhammad, appointed minister in last month's cabinet reshuffle, said in an interview. "We have to improve the whole investment climate . . . We will do it soon."

Investors have complained about corruption and bureaucracy in granting factory licences in the provinces and have also urged the government to give them more secure land tenure.

Economists expect the lease periods of 30 years normally granted to foreigners to be increased to 50 years.

> 'We recognise that on a competitiveness rating, we are now rather behind.'

The authorities are anxious to maintain investment to provide work for 2.5m people who enter the jobs market every year. Mr Muhammad said the government would further deregulate trade and industry, and liberalise the hitherto protected agricultural sector.

The government had set a target of between 5 per cent and 7 per cent economic growth a year, the minister said.

Mr Muhammad also recognised investor concerns over the parlous state of the banking system, dominated by state banks which are burdened with non-performing loans.

"We have to improve the quality of their productive assets," he said, stressing the need for "better management, especially in their credit analysis, in monitoring outstanding credits – that's very, very important and critical".

New laws governing the capital markets are also being drafted, Mr Muhammad said. Changes would allow foreigners to increase their holdings in companies which have listed only a portion of their shares on the stock exchange.

Internal control of India's central bank to be revamped

By Shiraz Sidhva in New Delhi

INDIA'S finance minister, Mr Manmohan Singh, yesterday announced that the "internal control mechanism" of India's central bank would be revamped and its board reconstituted "very soon" to prevent misuse of funds by banks in securities transactions.

Mr Singh, who was questiooed for nearly four hours by a parliamentary committee investigating the Rs37bn (£784m) Bombay securities scandal that broke last year, admitted failure of the Reserve Bank's supervisory machinery, and said that the bank had failed to take "prompt corrective action".

However, the minister fiercely defended the former Reserve Bank governor, Mr S Venkitaramanan, saying he had "done his duty well" despite the "tremendous pressure of the foreign exchange crisis" that India suffered in 1991.

Mr Singh insisted that neither he nor his ministry had *been aware that the funds that* fuelled the artificial escalation of the Bombay stock market last year came from banks "in an illegal or clandestine manner" as suggested by the investigating committee. The finance ministry found it hard to believe the state bank of India would engage in such illegal activities.

Mr Singh rejected an allegation by investigating MPs that he had taken credit for the stock market boom instead of actioo to regulate it. The finance minister emerged from the gruelling afternoon of questioning looking relaxed and saying that be bad "enjoyed every minute of it".

China-Taiwan meeting is 'the first crack in their Berlin Wall'

Kieran Cooke and Tony Walker on talks in Singapore today

THE first tentative steps towards resolving more than 40 years of animosity between China and Taiwan are likely to be taken today when representatives of the two meet in Singapore.

The meeting will be the highest level of contact between Beijing and Taipei since the foundation of the People's Republic of China in 1949 and the decampment to Taiwan of Generalissimo Chiang Kai Shek and his Kuomingtang (KMT) forces.

The talks are described as unofficial and it is unlikely that they will mark any big diplomatic breakthrough. Nor is anyone suggesting that the years of mistrust between China and Taiwan are about to come to an end.

But the meeting does have considerable symbolic significance. Even the delegates themselves seem in awe at the turn of events. "We will be witnessing one of the historic moments of the century," said one delegate.

Mr Wang Daohan, leader of the Chinese delegation to the talks, said China is ready to offer Taiwan peaceful reunification. "We stand for peaceful reunification," said Mr Wang soon after arriving in Singapore. "As both sides share the wish to develop cross-straits relations and realise peaceful reunification, there is nothing that we cannot sit down and talk about."

Western analysts in Beijing say China appears to have initiated a bold shift to a more conciliatory Taiwan policy, *details of which are only now emerging*. Various factors have prompted the change:

- China realises the substantial gains to be had from an alliance between its own fast-growing economy and a cash-rich Taiwan (Taiwan has foreign exchange reserves of more than US$80bn (£51bn). China not only needs Taiwan's capital, it also needs its expertise in a number of fields.
- As China's trading power grows it is becoming increasingly concerned about access to markets and fearful of possible protectionism in the form of the North American Free Trade Agreement and the European single market. Beijing is beginning to see the value of a stronger north-east Asia regional trading axis which would include Japan, South Korea, possibly the resource-rich Soviet far east – and Taiwan.
- China's elderly leadership is concerned about the rise of an opposition in Taiwan demanding not only more democracy but also independence. Any such move is anathema to China. Beijing had always argued that its first priority was Hong Kong and that there was plenty of time to deal with Taiwan after 1997. This has changed: China's leaders feel that forces in Taiwan in favour of reunification are in urgent need of a boost.

> Even some of the delegates at the meeting seem in awe at the turn of events. 'We will be witnessing one of the historic moments of the century,' said one

Taiwan also seems to realise it has far more to gain than lose by a closer relationship with China.

- As China's economy has opened up, investment from Taiwan has flooded in. According to the official New China News Agency some 12,000 Taiwan-funded enterprises have been established on the mainland with total investment of US$8.9bn. Taiwan says that last year alone Taiwanese businesses invested $5.5bn in China while two-way trade was more than $7bn. Taiwan wants to establish some legal framework for the protection of such investments.
- Taiwan's KMT government is as anxious as Beijing to contain the rise of the opposition. It sees making moves towards reunification and normalising relations with Beijing as one way of doing this, though this also brings opposition accusations of "selling out" Taiwan's interests to Beijing.
- The opening up of China and the easing of travel restrictions to the mainland by Taiwan has led to increased contact between people on the two sides of the Taiwan straits. Many of the big spenders visiting cities such as Shanghai are from Taiwan. Cultural, linguistic and family ties are still strong. Families split for the past 40 years have been reunited. According to the Taiwan authorities about 5,000 Taiwanese have applied for approval to bring their spouses from the mainland to Taiwan in the past two years.

The Singapore meeting has involved much delicate diplomatic manoeuvring. It is believed to have been arranged by Mr Lee Kuan Yew, Singapore's elder statesman, who over the years has managed to maintain close personal contacts with both Beijing and Taipei.

Mr Lee has recently been emphasising the need for Singapore to invest more abroad, particularly in China. By playing host to such a meeting, Singapore's standing in Beijing will be considerably enhanced.

Because Beijing refuses to recognise Taiwan as an entity in its own right, it is represented in Singapore by a semi-official body called the Association for Relations Across the Taiwan Straits. For its part Taiwan is represented by the Straits Exchange Foundation, also described as a semi-official group.

Mnch ground has to be covered before these two once hitter enemies become friends. Officials concede that it will be some time before they even have direct trade, transport or postal links.

But Singapore marks the start of a process. "It's something which would have been inconceivable only a short time ago," said a Singapore-based analyst. "In its own way it is a bit like the first crack appearing in the Berlin Wall."

NEWS IN BRIEF

Nigeria cracks down on petrol smuggling

NIGERIA yesterday banned all cross-border movemeots of petrol in an effort to halt domestic fuel shortages and stop smuggling, Our Foreign Staff writes.

The official petrol price in Nigeria is 0.7 naira a litre (about 1½ pence), compared with N9.72 in Benin, N10.93 in Cameroon, N14.81 in Niger and N16.11 in Chad.

Massive smuggling of petrol to these neighbouring states has left some parts of Nigeria short of fuel. It also represents a substantial loss of revenue for the government and the state-owned Nigerian National Petrolum Corporation (NNPC). The government has said it plans to raise petrol prices hnt has deferred implementing the decision until after mid-June presideotial elections.

52 die in Indian aircraft crash

At least 52 people were killed when an Indian Airlines Boeing 737 with tt8 oo board crashed near the western Indian town of Aurangabad yesterday, writes Shiraz Sidhva in New Delhi. The flight crashed soon after take-off from Aurangabad, a stop en route from Delhi to Bombay. Forty-five people, including four crew, were rescued.

Iraqis arrested in Kuwait

Kuwait said yesterday it had arrested a group of Iraqis equipped with explosives and arms, Reuter reports from Kuwait. Local newspapers said eight agents employed by Baghdad had planned to assassinate former US president George Bush during his visit to the emirate earlier this month.

US company opens in Hanoi

An American consulting firm opened for business in Hanoi yesterday, the first US company to operate officially in Vietnam since the end of the war in 1975, AP reports from Hanoi.

Vietnam America Trade and Investment Consulting Co will advise other companies interested in penetrating Vietnam's market of 70m people. It says clients include Chrysler.

Yemeni rulers approach poll without doubt

Illiteracy confounds secrecy in ballot requiring written vote, report Mark Nicholson and Eric Watkins

IT WILL TAKE three days for the results of today's first general election in unified Yemeo to be published. Few, bowever, doubt the likely outcome – a strong enough showing for the two parties that engineered unification in 1990, North Yemeo's Geoeral People's Congress and the south's Yemen Socialist Party, to continue in coalition government.

Both parties have made it clear that Yemen "requires" a coalition to nurture its democratic experiment, which, on paper, is the most ambitious ever undertaken in the Gulf.

Generously, they have also said that other successful parties in the election will be welcome to join them in ruling the Gulf's poorest and most populous, fractious and ruggedly wild territory.

This formula is likely to draw in several members of Islah, an alliance of Islamists and the country's biggest tribal group, the Hashid, which is Yemen's fourth biggest party and, possibly, a few members of the Ba'ath party.

President Ali Abdullah Saleh, the GPC leader, told a weekend press conference: "There is the idea that there should be a coalition – giving the chance to other parties to come forward and participate in government with us."

Even the most eothusiastic among international observers witnessing the election agree with opposition parties that there has been, as one US observer put it, "some major fancy footwork going on" to ensure GPC and YSP dominance in the poll. But both the government and opposition groups bope, for slightly different reasons, that today's ballot will mark an historic turning point.

For the governing parties, the poll will lend their rule representative legitimacy. But it also offers the hope that Yemen can rehabilitate an image in the west which was tattered by its refusal to join the anti-Iraq coalition during the Gulf war. That directly cost Yemen an estimated $2bn (£1.27bn) in aid from the Gulf, US, Britain and others – money Yemen, with 13m people, and a failing economy, cannot afford to lose.

"We are hoping the elections will very much improve our relations with these countries," says Mr Ali Salem al-Deid, the vice-president. "It is time for these countries to support us."

Projecting a progressive image of democratisation and stability is also vital to sustaining the confidence of the 20 international oil companies already in Yemen, and to attracting more. Hopes of economic revival rest entirely on the prospect of raising oil production from the present 180,000 barrels a day to 1m b/d, based on the government's optimistic reading of Yemen's potential reserves.

Yemenis in Sanaa yesterday as the country turns from traditional daggers to the ballot box

For the smaller opposition parties in the election today's vote offers the prospect of Yemen moving towards a centralised, constitutionally guaranteed civic society. Previously, power was brokered, often violently, between the still non-unified army, the ruling parties and tribal groupings.

"The army and the tribes are still stronger than civil society here," says Mr Mohammed Abdul al-Mutawqil, an independent candidate. "They have the authority, the money and the guns."

For many, the cosy-looking struggle between the main parties is less important than a broader contest within the country between the forces in favour of consolidating their present powers and the forces of democratic and constitutional change.

Mr al-Mutawqil says this battle is being waged inside the biggest parties, by the younger technocrats within Yemen's elite, as well as against these parties. He believes that if 20 per cent of the 301 deputies returned after the election represent the progressive tendency, that will constitute a substantial success and platform for future elections.

Neither he nor other opposition figures believe they can realistically hope for much more out of what is, after all, a considerable experiment.

Mr Abdul Rahman al-Jifri, leader of the opposition Son of Yemen League, points out that both the GPC and YSP were former ruling parties. "They have never implemented democracy in their lives – how can we expect they'll do so now?" he says.

Allegations of vote-buying, the pre-filling of soldiers' ballots, drawing constituencies in the ruling parties' favour and other charges have dogged the campaign and raised eyebrowa among the 20-strong team of international observers.

Some 37,000 troops are being deployed to help guarantee peace. But there are some signs of procedural difficulties. The election observers, though loath to commit themselves before the poll takes place, have raised doubts about some aspects of the ballot. Concern centres on the fact that, with up to 80 per cent illiteracy in Yemen, a large proportion of the 2.7m registered voters will have to enlist help in the polling station to cast their vote – for which they are required to write in the candidate's name on the ballot sheet.

Mr Ed Stuart, observer with the International Republican Institute, said it was "highly unusual to see a ballot constructed" as it has been in Yemen. "I think it will present some problems." A colleague went further: "The concept of a secret ballot has gone out of the window," he said.

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East Europe faces hyperinflation risk

By George Graham in Washington

CENTRAL Europe and the former Soviet Union will need continued financial and technical help from the industrialised nations, if they are to stay on the path of economic reform, the IMF warns.

Most countries of central and eastern Europe have already adopted radical changes in economic policy, but the course of reform faces considerable strains from large government budget deficits and from the threat of hyperinflation.

"The risk of hyperinflation is now the major threat to continued reform in the former Soviet Union. High and accelerating inflation has already caused massive capital flight and, if unchecked, will eventually destroy the price system and make further economic reform virtually impossible," the report warns.

The IMF's economists have revised their growth forecasts for both central Europe and the former Soviet Union sharply downwards since their last projections six months ago. Even so, they see the severe economic contraction experienced in central Europe in 1991 and 1992 slowing down this year, with growth resuming in 1994.

Output is still expected to contract by 11.5 per cent in the former Soviet Union this year, and by 3.5 per cent in 1994.

"But, if macroeconomic stability can be achieved and if the economic reform programmes are followed through, most of the countries in the former Soviet Union could experience sharply falling inflation during 1993 and economic turnaround as early as the middle of the decade," the report says.

The IMF warns that government budgets are still showing considerable strains in central Europe because of the dramatic decline in tax revenues. Albania, Bulgaria and the former Yugoslavia all showed budget deficits in excess of 10 per cent of gross domestic product last year.

In the former Soviet Union, the republics of Armenia, Georgia and Ukraine all ran government deficits in excess of 30 per cent of GDP.

Monetisation of these deficits, with excessive credit expansion by the central banks and the explosive growth of inter-enterprise arrears, are the main factors behind inflation, the report warns.

Bright outlook for third world

By George Graham

MEDIUM-TERM economic prospects for the developing world appear brighter than for decades, the International Monetary Fund reports in its World Economic Outlook.

After growing by more than 6 per cent last year, the best result in more than 10 years, the economies of the developing countries are projected to achieve growth rates of 5 per cent in 1993 and 1994, accelerating to an average 5¾ per cent in 1995-98.

Economic performance has diverged widely among countries, however, and the IMF notes with a tone of disappointment its failure to find evidence that living standards in the developing world are catching up with those prevailing in industrialised nations.

Nevertheless, the Fund's economists expect some convergence in economic performance over the medium term as more countries in Asia, Latin America and Africa implement the kinds of macro-economic policies they advocate, and as more countries get over the debt servicing problems they experienced in the 1980s.

Western hemisphere countries, in particular, are forecast to show a strong pick-up from 2.5 per cent annual growth in 1993-94 to 4.8 per cent in 1995-98.

Growth in Asia is expected to remain strong, averaging 6.6 per cent in 1993-94 and 7 per cent in 1995-98, whils growth in Africa is projected to accelerate from 3.3 per cent over the next two years to 4.4 per cent in 1995-98.

Developing countries in the Middle East and Europe are expected to show stable growth averaging 4.4 per cent s year from 1993 to 1998.

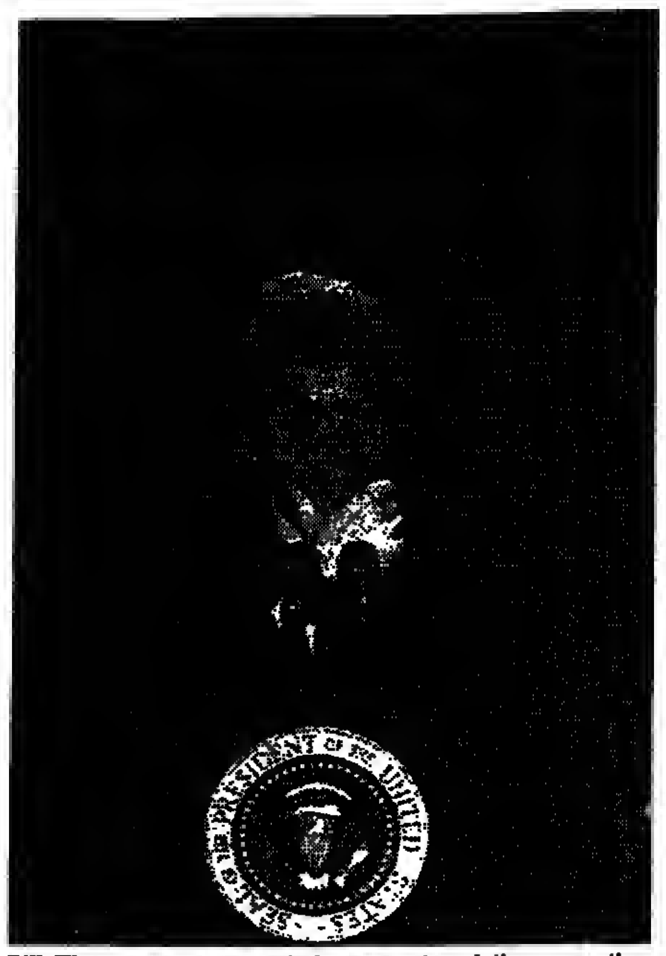
The IMF says the developing countries with the best growth share some characteristics: low and predictable inflation, stable fiscal balances, low bnt positive real interest rates, competitive and relatively stable exchange rates.

They have higher and more efficient investment, financed by high rates of domestic saving, and strong export growth resulting from ontward-oriented trade and industrial policies, which do not discriminate between prodnction for the domestic market and for export, or between purchases of domestic and foreign goods.

Stable macro-economic policies may not be enougb to ensure strong growth, the IMF warns, citing the slow growth of the CFA franc zone in West Africa and India's moderate growth, now accelerating in response to structural reforms.

Growth prospects shrinking

Peter Marsh finds the industrialised countries in difficulties



Bill Clinton, shown at the US Newspaper Association convention on Sunday: should take steps to cut US fiscal deficit, IMF says

IMF GROWTH FORECASTS (Annual % change)

	1991	1992	Projections 1993	Projections 1994
World output	0.6	1.8	2.2	3.4
Industrial countries	0.2	1.5	1.7	2.9
US	–1.2	2.1	3.2	3.2
Japan	4.0	1.3	1.3	3.5
Germany	1.0	2.0	–1.3	1.7
France	1.1	1.8	–	2.3
Italy	1.3	0.9	0.3	1.9
UK	–2.2	–0.6	1.4	3.1
Canada	–1.7	0.9	3.2	4.4
Seven countries above	0.2	1.6	1.9	3.0
Other industrial countries	0.6	0.8	0.6	2.1
Developing countries	4.2	6.1	5.1	5.1
Africa	1.5	0.9	2.7	3.8
Asia	5.5	7.9	6.7	6.6
Middle East and Europe	2.1	9.9	5.0	3.5
Western Hemisphere	3.1	2.3	2.3	2.6
Countries in transition	–10.1	–15.5	–8.8	–1.8
Central Europe	–13.5	–7.5	–1.5	2.6
Former Soviet Union	–9.0	–18.5	–11.5	–3.5

Source: WEO

GROWTH prospects for the industrialised world have deteriorated sharply in recent months, partly as a result of the serious slowdown in Europe and of governmental failure to tackle big budget deficits, the International Monetary Fund said yesterday.

In its twice-yearly World Economic Outlook, the fund says that, in Europe, "there is a risk that high real interest rates, weak confidence, continuing exchange rate turbulence and uncertainties about implementation of the Maastricht treaty may continue to delay recovery."

While the outlook for the US is more favourable, the recent weakening in the Japanese economy has been another factor behind the deterioration in world growth prospects.

The report suggests that, in the light of low Japanese inflation and the strength of the yen, there "remains some room" for cuts in Japanese interest rates if the economy stays sickly.

The report also says the recent devaluations of some currencies in the European exchange rate mechanism may have "overshot", worsening economic strains throughout the continent.

Countries which devalued during the crisis between last September and early this year include Britain, Italy, Spain, Portugal and Ireland. Increased economic pressures may have arisen from a stimulus to inflation in the nations affected, or by their deriving a competitive advantage which other countries might resent.

The report, written by IMF economists after consultations with member states, says that, within the ERM, uncertainties are still evident as a result of the high level of interest rates in Germany. However, there are good grounds for believing German rates may come down soon, in the light of reduced worries about inflation as the German economy weakens.

Growth in the industrialised world is projected this year at 1.7 per cent, as opposed to the 2.9 per cent forecast in the IMF's last economic outlook last October. Last year, output expanded by 1.5 per cent; in 1994, the corresponding figure is likely to be 2.9 per cent, according to the IMF's latest predictions.

The IMF is forecasting growth this year across the European Community of a feeble 0.1 per cent, compared with a forecast six months ago of 2.3 per cent. Much of this revision is due to the IMF now thinking the German economy will contract by 1.3 per cent this year. In October, the organisation had thought it would expand by a vigorous 2.6 per cent.

Projections for Japanese growth this year have also come down – to 1.3 per cent from 3.8 per cent last October. US output is expected to increase this year by 3.1 per cent, in line with what the IMF said six months ago.

In the US, even though the IMF says the "pressing priority" for the government of President Bill Clinton is to reduce its large fiscal deficit, the document is relatively bullish about growth prospects.

In the industrialised countries, inflation has generally come down, in line with slower economic activity. Consumer prices went up by 3.2 per cent across these nations last year; the comparable figure is expected to come down to 3 per cent this year and stay at that level in 1994.

World trade volumes have seen generally healthy expansion, thanks partly to relatively high growth outside the industrial nations.

Total world output this year is likely to show higher growth than in the industrial nations alone. The figure for the whole world is put at 2.2 per cent, accelerating to 3.4 per cent in 1994.

This is largely due to the good economic performance of the developing nations, which are reckoned to be responsible for 34.4 per cent of the total international economy, with the industrialised countries accounting for 54.4 per cent, and the ex-communist countries of eastern Europe and the former Soviet Union responsible for 11.2 per cent.

IMF World Economic Outlook; IMF, 700 19th Street, Washington DC 20431, USA; telephone 202 623 7062.

UK will need tax rises or spending cuts, says IMF

By Peter Marsh, Economics Correspondent, in Washington

BRITAIN faces the need for more increases in taxation or spending cuts to curb its rising government deficit, possibly as early as this year, the International Monetary Fund says.

In its latest World Economic Outlook, published yesterday, the Fund also suggests Britain might have trouble meeting its inflation target next year.

The IMF's message is the starkest warning since the recent unambiguous signs of a return to UK growth that the recovery might be blown off course by either a continuation of large fiscal deficits or rapidly rising prices.

The report says the sustainability of the UK recovery "will depend on the [UK] authorities' ability to safeguard the credibility of their anti-inflationary commitment, especially in the light of the potentially inflationary consequences of sterling's decline [since leaving the European exchange rate mechanism.]"

The recovery "in turn depends critically on the adoption of further measures, in the 1994 budget or even before, to secure a faster reduction of the large budget deficit".

Any further cuts in British interest rates "should be resisted", the report continues, unless there is good reason to believe inflation is under control.

However, UK economic prospects for 1993 have "improved", with the likelihood that recovery will be "firmly established" by next year. Gross domestic product is thought likely to expand by 1.4 per cent this year, followed by 3.1 per cent next year.

The gap between government spending and income is put at 6.2 per cent of gross domestic product last year, rising to a likely 8.8 per cent this year and falling slightly to 7.7 per cent in 1994. The deficit will still be 3.8 per cent of GDP in 1998 on current policies, the IMF calculates, even allowing for the big tax rises in the March budget.

The IMF reckons the retail prices index, minus mortgage costs, will rise by 3.9 per cent this year, against 4.7 per cent last year, and rise to 4 per cent in 1994. The government aims to keep this measure of inflation at 4 per cent or less during the lifetime of the present parliament.

Mr Michael Mussa, director of the IMF's research department, said yesterday that the UK's inflation target was "probably achievable" though it might be put at risk should growth in Europe as a whole speed up faster than expected. On the UK's fiscal position he said: "Our assessment is that more [fiscal tightening] will be required in the medium term to restore the UK's finances to a desirable equilibrium."

Maastricht targets upset EC

By Peter Marsh

THE DIFFICULTIES of European Community countries in meeting the economic convergence targets specificed by the Maastricht treaty could bold up moves towards economic and monetary union, the IMF suggests.

Of the 12 nations, only Luxembourg meets all four targets on the basis of its economic performance last year. Five countries – France, Germany, the UK, Denmark and Ireland – meet three of the criteria. Belgium and the Netherlands satisfy only two, Spain meets one, and Italy, Greece and Portugal fail on all four.

The relevant criteria, given as guidelines in the treaty, are that consumer price inflation must not exceed by more than half a percentage point the average for the three member states with the lowest inflation rates; interest rates on long-term government securities must not be more than two percentage points higher than those in the same three member states; general government deficit is limited to 3 per cent or less of GDP; and the public debt/GDP ratio should be less than 60 per cent.

In 1992, Britain failed the targets because of its large government deficit, as did France. Germany fell down on its inflation record; Denmark and Ireland failed to meet the target on government debt.

Reduction in fiscal deficits urged

By Peter Marsh

MANY industrial nations should take steps to reduce fiscal deficits, so as to boost the confidence of financial markets and lay foundations for long-term growth, the IMF says.

A big factor behind much of the world's economic fragility is the high level of state borrowing, which the report says has sapped the confidence of investors and reduced governments' opportunities to lessen unemployment by cash injections into their economies.

Governments should reduce spending or raise taxes to "achieve a more efficient balance of public and private spending". The IMF says: "By improving opportunities for private investment and reducing the cost of capital, fiscal consolidation raises countries' medium-term growth prospects."

The higher deficits have come about partly because of economic slowdown and partly because governments have failed to control rises in state spending unrelated to the economic cycle.

In 1993 the structural budget deficits of Germany, France, Canada, the UK and the US are estimated by the IMF to be 2-5 per cent of gross domestic product. Italy's figure is "considerably higher". The structural budget deficit is defined as state borrowing excluding borrowing due to higher spending or lower tax revenues linked to economic weakening.

In 1989, according to the report, the deficits were generally lower, at 1 to 3 per cent of GDP, in the US, France and Britain and 4 per cent in Canada, while Japan and Germany both had structural surpluses.

Britain's structural budget deficit showed a particularly large increase in 1992 and there is likely to be another big rise this year, the report says.

NEWS: THE AMERICAS

Independence for Brazil central bank

By Christina Lamb in *Rio de Janeiro* and George Graham in Washington

PRESIDENT Itamar Franco of Brazil yesterday announced his intention to make the country's central bank independent, to reinforce the measures announced in his economic plan on Saturday.

He gave no details of the decision but aides said that he was meeting economists yesterday to prepare draft legislation to present to Congress.

Analysts were confused by the move, which followed Mr Franco's announcement on Saturday that interest rates on short-term investments would be cut to below inflation, so as to deter financial speculation and stimulate growth.

The surprise interest rate cut will be brought in gradually, according to Mr Eliseu Resende, finance minister. It is the most radical part of the package of measures which he will present today to the International Monetary Fund, in the hope of securing a new stand-by accord.

A senior IMF official, speaking last week before the measures were announced, warned that the fund's patience with Brazil's "six years of gradualist approach" was running out. The IMF was not willing to jeopardise its credibility by supporting what it saw as "an overly gradualist and minimally ambitious programme".

The official described the country's record as "a scandal that has to be corrected".

The IMF is expected to question the plan's concentration on speeding to stimulate growth and alleviate poverty rather than on tackling inflation, which is running at 30 per cent a month.

Mr Resende insists "the government will only spend what it can raise", but the measures seem unlikely to achieve his target of removing the deficit, now at $10bn (£6.4bn).

The plan includes considerable cuts in spending by state companies and revenue-raising exercises such as acceleration of the privatisation programme and cracking down on tax evaders, but the measures will need time to have any effect.

The plan leaves real fiscal reform to be tackled during the debate on constitutional revision in October. "It is hardly a frontal attack on inflation," commented Mr Roberto Macedo, a former secretary of economic policy. "It is more something to gain time."

There was also criticism over the decision to raise money through the sale of preferential shares in so-called strategic state companies, such as the electricity utility Eletrobrás and the telecoms entity Telebrás, with analysts pointing out that the government would be selling cheaply.

But Brazil's financial markets reacted positively to the Franco plan, relieved by the absence of heterodox measures which have characterised previous Brazilian economic packages. Traders said they believed it signified the end of the paralysis which has marked the first six months of the Franco government.

Banks operated normally yesterday, in sharp contrast to the panic that has greeted previous plans, and the main São Paulo stock market rose 5 per cent before lunchtime.

The director of a leading bank said: "*It is not a messianic plan.* It doesn't promise zero inflation and it doesn't confiscate anything. It's basically a 'let's stick by the budget' plan. What matters now is whether the government has the political will to execute it."

The new measures need Congressional approval to take effect. The government began negotiations with political leaders yesterday. It already has support from some of the most important state governors, including those of São Paulo, Minas Gerais and Ceará.

A new study in perversity, Argentina-style

University to offer course in corruption

By John Barham in Buenos Aires

CORRUPTION is part of doing business in Argentina, a fact now recognised by the University of Buenos Aires, which will include a new course on "perverse systems" in its MBA syllabus.

The course – the first of its kind in Argentina – is to begin next week. It will focus on the causes and nature of corruption, and discuss ways to combat it.

Prof Jorge Etkin, who will lead the course, says it will be based on case studies of 100 episodes of corruption. Lecturers will include businessmen, judges and government officials, including the mayor of Buenos Aires. His predecessor was charged last week with fraudulent administration.

Opinion polls report corruption as a main concern of Argentines, a large majority of whom see the government of President Carlos Menem as corrupt.

Mr Menem's free market policies have reduced corruption, through substantial deregulation packages and privatisations, but businessmen still complain that politicians and bureaucrats exploit every opportunity to demand bribes.

The administration has been rocked by 19 big corruption scandals since it took office in July 1989, and 20 senior aides and ministers have been sacked on suspicion of corruption. For all that, no investigation has ended in a trial. Mr Luis Moreno Ocampo, a former federal prosecutor, says Argentine laws make convictions in corruption cases impossible.

Prof Etkin, author of a book on corruption, says: "When the justice system does not work independently or efficiently, there is always a greater predisposition to corruption in democracies. Weak justice systems lead to impunity." Yet he stresses that one can do business in Argentina without becoming involved in corruption. He says, "business is not just about profit, but [ensuring] the survival of a company – this depends directly on a company obeying the law."

President Menem: policies have reduced corruption, but businessmen still complain

US healthcare plans worry trade unions

By George Graham in Washington

WITH the unveiling of the Clinton administration's healthcare reform plan just weeks away, industries and trade unions are arguing nervously over the degree to which businesses should be compelled to come into the scheme the administration is expected to propose.

One core component of the reform is to be the creation of regional purchasing pools, which the administration hopes will keep a lid on costs by bringing to bear the buying power of thousands of people insured by their employers or by state health schemes.

But big businesses may be allowed to stay outside these pools, according to a report in the New York Times, prompting concerns particularly among trade unions that this could undercut the equitable treatment of all citizens.

Mr Lane Kirkland, president of the American Federation of Labor-Congress of Industrial Organisations, the main grouping of unions in the US, has written to Mrs Hillary Rodham Clinton, who heads the White House healthcare reform task force, arguing strongly against allowing employers to opt out.

One criticism that has been made of the proposal is that it would turn the state-sponsored pools into dumping grounds for the poor and the sick and for companies with older or less healthy workforces.

Most big businesses argue, however, that they already exert enough purchasing power to keep down their health insurance costs on their own; if they were forced into the state-sponsored pools, this could disrupt their often complex labour agreements, which usually cover health benefits.

Administration officials say big employers would, in any case, be required to comply with new federal guidelines on the type of health coverage they give their workers.

The controversy encapsulates one of the dilemmas for reform: how to achieve universal, government-mandated health coverage while avoiding a universal, government-run health insurance scheme.

Venezuelan opposition picks reformer

Joseph Mann finds battle lines drawn for a presidential election

THE MAIN Venezuelan opposition party has chosen a state governor favouring economic and political reform as its candidate for the presidential election due in December.

The social Christian party (Copei), voting in open primary elections on Sunday, chose Mr Oswaldo Alvarez Paz, governor of the western state of Zulia, which produces most of Venezuela's oil and agricultural products.

Mr Alvarez, 50, won clearly, with some 60 per cent of 2m votes cast, according to preliminary figures. This gives the Copei candidate strong impetus for the presidential race.

Mr Eduardo Fernández, who has long controlled Copei's bureaucracy and was its presidential candidate in 1988, received a disappointing 34 per cent, and Mr Humberto Calderón Berti, a former minister, came third. The two losers pledged party unity and support for Mr Alvarez.

The Copei presidential candidate says he supports free market policies and broad political reform. Mr Alvarez was trained as a lawyer and joined the party at the age of 14. He has occupied various party jobs and has been a member of the Chamber of Deputies.

He won the Zulia governorship in 1989, and was re-elected last December.

The choice of Mr Alvarez puts Venezuela's 1993 presidential campaign into better focus, both of the country's main political groups, the governing Democratic Action Party (AD) and Copei, now having chosen their candidates.

On April 18, AD elected Mr Claudio Fermín, a 43-year-old former mayor of Caracas, as its presidential standard-bearer.

Other figures seeking the presidency are Mr Rafael Caldera, aged 77 and president in 1969-1974, and Mr Andrés Velásquez, a left-wing state governor aged under 50.

Mr Caldera founded Copei and was its long-time chief, but he broke with the party after Mr Fernández won the presidential nomination in 1987. Mr Caldera said he will run in December as an independent.

The Sunday primary suggests that Venezuelans want a younger generation in the presidency and a chief executive identified as a party "outsider". Mr Alvarez, although linked with Copei for many years, has not been at the top. He has been very critical of corruption among the ruling cliques of Venezuelan political parties and the way party officials are chosen.

The Copei election marked the first time that a political party in Venezuela has held an open presidential primary where any registered voter, regardless of party affiliation, could participate.

The turnout was larger than expected, with almost 20 per cent of Venezuela's 9.8m registered voters taking part. Fewer than 600,000 people participated in AD's primary.

Weather hits US home sales

SALES of previously owned US homes dropped 2.9 per cent in March, the third straight month of declines caused by severe weather, a real estate trade group said yesterday, AP reports from Washington.

Sales fell in every region except the Midwest.

The National Association of Realtors said sales of previously owned homes totalled 3.36m at a seasonally adjusted annual rate in March, down from 3.46m a month earlier.

The revised 8.5 per cent drop in sales in February was even steeper than the 6.1 per cent initial estimate. Sales had fallen 6.4 per cent in January after rising 4.7 per cent in the final month of 1992.

Mr William S. Chee, president of the association, said this year's big blizzard brought housing activity to a virtual standstill for several days in March in the south and north-east. But he said anecdotal evidence suggested sales had resumed: "Buyers are continuing to take advantage of low mortgage rates."

Shuttle launched years late

THE US space shuttle Columbia went into orbit yesterday with seven astronauts on a science mission chartered by Germany and years overdue, AP reports from Cape Canaveral.

It was Nasa's third attempt to launch Columbia on the laboratory research mission. The first, a month ago, ended abruptly with an engine shutdown.

Eighty-eight Spacelab experiments are planned involving about 200 scientists from around the world, including a slew of medical tests.

All science will be managed from the control centre in Germany, with Nasa's Johnson Space Centre in Houston overseeing everything else on the nine-day flight. The only other time a US space mission has been controlled from outside the US was during Germany's first Spacelab flight, aboard shuttle Challenger in 1985.

This mission was targeted for 1988 but put on hold along with everything else after Challenger exploded in 1986.

Once Nafta is ratified, business eyes will turn to Europe

Mexico may seek EC trade accord

By Stephen Fidler, Latin America Editor

MEXICO may try to pursue a trade agreement with the European Community once the North American Free Trade Agreement has been ratified, Mr Fernando Solana, Mexican foreign minister, said yesterday.

Mr Solana, in London for the annual meeting of the European Bank for Reconstruction and Development, said that Nafta ratification was the Mexican priority, but talks about a trade agreement with Europe could start next year.

Mexico already has a trade co-operation accord with the EC, which came into effect in October 1991. That, for example, provides an informal disputes procedure – but there was a desire to "go beyond what we have," the minister said.

He was returning from Copenhagen, where EC and Latin American foreign ministers were meeting, and said negotistions to complete two side agreements to Nafta, on labour standards and the environment, should be complete by June. This would allow for a vote on Nafta in the US Congress after its August recess, in the third quarter or in October, permitting the accord to be put into effect on schedule at the start of next year.

Mr Solana said he was open to the extension of Nafta elsewhere in Latin America, in the first place to Chile, then to Colombia and Venezuela, and including the smaller states of central America.

On Friday, President Bill Clinton had reiterated his support for Nafta, s comment that followed fresh criticism of Nafta on Thursday by Mr Ross Perot, who opposed Mr Clinton in the US presidential election last November.

The president added that the US needed to "build those bridges in our own area" by moving to expand free trade arrangements into other Latin American nations, including Chile.

He stressed that, for Nafta to move ahead, the US had to secure supplemental agreements to address environmental and labour issues. Noting Mexico's concerns over creating multilateral commissions to oversee enforcement to some degree, he said: "There's some merit to their position."

Mr Clinton added: "What we're trying to do is agree on an approach that, if there is a pattern of violation, there will be some enforcement."

Danes open output-for-export plant in Russia

By Hilary Barnes, recently in St Petersburg

DANISH investment company 2M Invest has opened a company for manufacturing machinery components in St Petersburg. The company, ZMI, is rare among western investments in Russia in that it is based exclusively on production for export to the west.

Mr Michael Mathiesen, main shareholder of 2M Invest, made his name and fortune as founder of Dataco, a Danish company making networking equipment for computer systems. Dataco was sold et to the UK's Dowty Group in 1990.

He decided, after looking at the *potential for investment in St Petersburg*, that an ordinary joint venture or participation in e privatisation project would not be satisfactory.

The factory is on premises rented from a state-owned company in the defence industry. ZMI is not a normal company, as it is a production unit only. All selling is done from a sister company, EBI Suppliers, in Copenhagen, which also uses the facilities of the Copenhagen Free Port to hold buffer stocks.

Another of Mr Mathiesen's principles was to start small. The total investment is DKr13.5m ($2.2m), of which 56 per cent was subscribed by 2M Invest *and 23 per cent by the Danish government's* Investment Fund for Central and Eastern Europe. Russian shareholders have about 1 per cent of the stock and two ZMI executives have options which can be converted to shares within two years.

The plant has a total staff of 19 and four Russian machine tools, equipped with western cutting tools and measuring instruments. ZMI's staff is Russian, but the management has received training in Copenhagen in how a western company functions.

Mr Mathiesen expects to see a fairly rapid expansion of ZMI over the next year or so, taking employment to about 100, and he expects that the investment will be profitable. The first orders have already been received, after test orders had showed product quality up to the standards required by customers in Denmark and Germany.

ZMI expects to receive the coveted International Standards Organisation ISO 9002 quality control certificate this year, probably a first for a Russian manufacturing company.

Workers at ZMI are paid the rouble equivalent of about $150 a month. The Russian machine tools cost a fifth of the western tools, with which they have proved to be competitive.

Power companies hail the fruits of lobbying

Andrew Baxter on the EC/US trade deal

UNTIL last week, there was no bettsr way to get executives of US power generating equipment companies on to their soapboxes than to ask them about the difficulties of selling their products in the European market.

General Electric, the biggest US producer, regularly complained that it had not sold a steam turbine in Europe since the Marshall Plan.

Earlier this month, Mr John Yasinsky, group president at Westingbouse Electric, tbe other big US supplier, said in an interview: "Across the board there are European countries that are closed to us. In the US, European competitors are competing head-to-head with us on products that we are not allowed to sell in Europe."

Now, after years of lobbying by tbe two, a transatlantic phone call between Sir Leon Brittan, EC trade commissioner, and Mr Mickey Kantor, US trade repressntative has changed the outlook.

The partial EC-US deal on public procurement reached last week waives Article 29 of the EC ntilities directive, introduced on January 1, for the US manufacturers of heavy electrical equipment.

Two parts of Article 29 had most irritated the US companies. One was the 3 per cent rule, which atipulated that public utilities must prefer a European bid where it is no more than 3 per cent dearer than the best bid from overseas. The other was the local content rule whicb said customers could reject a bid with less than 50 per cent of European content.

The waiver confirms Mr Yasinsky's view that the issue of access to Europe would be more important for President Bill Clinton's administration than for the preceding Bush and Reagan administrations. Mr Kantor's feisty style has gone down well at Westinghouse.

At GE, the latest development is greeted with pleasure and relief. "We're delighted," says Mr Eugene Zeltmann, manager for trade and industry associations at GE Power Systems. "An awful lot of effort has gone into this, and it should bring more transparency and openness to the market."

"Clearly, it's a step forward," says Mr Frank Bakos, vice president and general manager of Westinghouse's power generation business unit.

The problem for the US suppliers was that Article 29 re-established at Community level the discrimination that they claim to have suffered for years at national level. The size of power station orders, and the need to keep local suppliers busy in a market suffering from overcapacity, has inevitably made contract awards an intensely political affair.

On top of that, the European utilities indnstry remains rooted in the public sector, with nowhere near the level of independent power production seen in the US. Hence the importance of any regulations affecting public procurement.

The successes achieved by the US companies in Europe bave largely come through their strategic alliances and licensing deals. GE has long considered sucb alliances indispensable, particularly in less open markets.

But the focus of the alliances in Europe has been the newer technology of gas turbines, where the US companies have more to offer potential partners than in the more mature steam turbine technology.

The gas turbine co-operation between GE and tbe Anglo-French GEC Alsthom has been an important reason for both companies' recent successes in Europe, while the wide-ranging tie-up between Westinghouse and Rolls-Royce last year gave the UK aero-engine and industrial power group access to heavy duty gas turbines.

Both GE and Westinghouse, in partnership with Mitsubishi Heavy Indnstries of Japan, have sold gas turbines directly in the UK, although continental Europe is much tougher even for sales via an alliance, let alone direct sales.

For GE, therefore, the main focus of its lobbying in the public procurement debate has been on steam turbine sales, says Mr Zeltmann, so the deal might not make any difference to the strategic alliances. Instead, it gives the company an opportunity to sell its steam turbines in Europe, and the company will be bidding to test the new environment.

This could heighten yet further the contract battles in Europe for a product where there is llttle to choose between the big US and European players, where competition and pricing is already fierce, and where growth prospects in the European Community are relatively slow.

For Mr Bakos, the access problem is more institutional than product-specific. "The real issue is how the ultimate process of awarding contracts is treated," he says. "Will it be handled openly or fairly, or will it go underground?"

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NEWS IN BRIEF

Joint venture on Vietnamese port

A GROUP of Singapore-based and Japanese investors will undertake a $905m joint venture project to redevelop the southern Vietnamese port of Vung Tau, according to property consultants Colliers Jardine, writes Victor Mallet, South East Asia Correspondent, in Jakarta.

Foreign investors include Singapore-based Tredia investment and the Japanese trading companies Mitsui and Mitsubishi. The Vietnamese partners are the provincial communist people's committee and the state-owned National Maritime Bureau (Vinamarine).

The Japanese government, which recently resumed aid to Vietnam, is anxious to help Japanese investors and traders by improving Vietnam's battered infrastructure, and is expected to provide financial assistance for the project.

Colliers Jardine, part of the Hong Kong-based Jardine Matheson group, said it had arranged the deal as a "build, operate and transfer" project, with a 70-year lease on the property. Mr Ong Beng Kheong, Colliers Jardine's executive director in Vietnam, said the project would allow Vung Tau port to overtake the Saigon river port in Ho Chi Minh City as the country's busiest.

Under the first phase of the project, construction of a terminal for bulk, conventional and containerised cargo should begin next year, boosting handling capacity to 18m tonnes per year by 1998 from the current 4m tonnes.

Malaysia power order for Siemens

The Siemens power generation group has won a DM300m (£120m) contract in Malaysia to build a 400MW gas turbine power station, writes Kieran Cooke in Kuala Lumpur. The contract, awarded by Tenaga Nasional, Malaysia's partially privatised electricity utility, is one of several multi-million dollar deals either awarded or under consideration in Malaysia.

The country's near double-digit growth over recent years has caused an unexpected surge in electricity demand. The government has given new emphasis to the power sector, following several recent black-outs. The Siemens power plant will be built at Serdang, near Kuala Lumpur, and is scheduled for completion by the end of next year.

Kvaerner to build four LNG ships

Norway's Kvaerner group announced yesterday it had won a record NKr6.5bn (£690m) contract to build four LNG carriers for the Abu Dhabi National Oil Company, writes Karen Fossli in Oslo. A-shares shot up on the Oslo stock exchange by NKr3.50 to NKr194 on the news.

The order brings the net backlog to NKr20bn for Kvaerner's shipbuilding business. Its Finnish Masa-Yards will build the four, 135,000 cubic metre ships. Delivery is scheduled from January 1996 to June 1997.

The ships will be used to transport liquified natural gas from Abu Dhabi to Japan, and are intended to replace five vessels built during 1973-77 by Kvaerner's Stavanger-based Rosenberg yard.

Ontario will close trade offices

The Canadian province of Ontario is closing all 17 of its foreign trade and investment offices as part of moves to hold down government spending, writes Bernard Simon in Toronto. An official of the province's economic development and trade ministry said that, thanks to modern communications and air travel, the offices "are seen as structures that have outlived their time".

Ontario will now promote its trade and investment interests through Canadian embassies, and through more sharply-focused visits by government officials. It also plans to work more closely with business associations abroad and consultants hired for specific assignments. Some of the money saved will be channelled towards providing advice within the province to companies seeking export opportunities.

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■ Bombs threaten bid for European central bank HQ ■ International banks to remain in City ■ Up to 20,000 workers displaced

Hong Kong bank chief warns of terrorism fall-out

By Our Foreign Staff

SIR William Purves, chairman of HSBC Holdings, the parent of Hongkong and Shanghai Bank, warned yesterday that the IRA's weekend bomb blast could undermine London's chances of being chosen as the home for the European ceotral bank.

London is one of the cities vying to be chosen for the European central bank headquarters following monetary union. Expressing concern at the damage caused by the explosion, Sir William said: "I would have thought when Europe is deciding where its central bank is going to be, which may not be imminent, security and transport are difficulties which are going to count against London."

Sir William, however, said London would remain a leading financial centre and is still the favoured home city for the Hongkong Bank's parent company, which is moving its headquarters to London after buying Midland Bank for £3.9bn last year.

"We've made a huge investment and have bought Midland Bank, Sir William said. "London will remain for a very long time ...the financial city of the world."

Other international bankers echoed his view. Mr Claus-Werner Bertram, managing director of Deutsche Bank AG, said: "We have to be in this city. There is no question of us moving out.

Relocating from the square mile, which forms the financial district, to another business centre such as Canary Wharf in London's redeveloped Docklands area, was no solution, Mr Bertram said.

In Zurich, officials at Union Bank of Switzerland (UBS) and Swiss Bank Corporation (SBC) also underlined their commitment to London. Mrs Gertrud Erismann, of UBS, said some glass windows at the bank's offices near Liverpool Street were shattered but business was not affected. "We just hope that the terrorism will stop one day," she said.

French banks yesterday took a generally phlegmatic view of the latest saying the incident would not change their strategy of being present in Europe's premier financial marketplace. A spokesmen for Credit Lyonnais, one of France's biggest banks, said: "The only thing that may change *is the price of our insurance there.*"

Mr Bernard Poignant, director of BNP Capital Markets in London and a board member of BNP France, said the bombing "does put in question our strategy to be present in London, because of that market's importance".

French sentiment might change if the IRA were to specially target foreign or French banks. This is the case in Spain where several French banks and companies were bombed by Basque terrorists earlier tbis month, in protest at French government co-operation with Spain in cracking down on Basque terrorists on botb sides of the Pyrenees. French bankers see no similar reason for the IRA to target them.

Rivals step in to ease move to new space

By Vanessa Houlder and John Gapper

THE search for new offices to house tha estimated displaced 20,000 workers in the City was helped by offers from suppliers, subsidiaries, and even rivals.

National Westminster Bank and the Hongkong & Shanghai Banking Corporation were able to relocate staff within their existing offices. About 300 of Hong Kong and Shanghai Banking Corporation's 600 staff were back at work despite their offices being destroyed, in two other buildings owned by the bank's parent company HSBC Holdings in Lower Thames Street.

Daewoo Securities, the Koraan secnrities companies, moved its 10 staff into the offices of Coryo International, another Korean company, on London Wall. Bessemer Trust, which occnpies 76 Bishopsgate, has moved its 11 staff into Kleinwort Benson's offices.

The *Long-Term* Credit Bank of Japan has called on help from Mitsubishi Bank, "a friendly competitor" to accommodate its *London* branch and Dai-Ichi Europe "a very close friend" to accommodate its international branch. Its compoter operation is being accommodated in Digital Equipment Company's Tottenham Court Road offices.

Safetynet, a firm specialising in emergency recovery work, belped Tokai Bank, which set up a skeleton staff in Singer Street and the Banco di Sicilia, which moved to offices in Chiswick.

Some companies already had experience of the aftermath of a blast. Simpson Thacher & Bartlett, a US firm of solicitors in 99 Bishopsgate was assessing bomb damage to its offices for the second time in a year. "This time the damage is more comprehensive," said Mr Rhett Brandon, a partner. "But as long as London is a main financial centre, we have to have to be here."

Wall St sees terrorism as threat to all major cities

By Patrick Harverson, Nikki Tait and Karen Zagor

THE reaction to tba City bombing among Wall Street firms, most of whicb have offices in London, was uniform. They all believed that the threat of terrorism was part of living and working in an international city. This was also brought home by the bombing in February of New York's World Trade Centre.

Mr Richard Fisher, chairman of Morgan Stanley, said: "It's obviously a tragedy and a matter of great concern. But I don't believe it will have any impact on the importance of London as a financial centre."

Or, as one senior executive put it: "The only other option to London is Frankfurt – and *they have plenty of problems* of their own."

Mr Patrick Murphy, director of securities at Merrill Lynch, said: "No, I don't think the bomb will have any impact on London's standing as a financial centre. I'm sure the British government will take every step it can to make sure London will maintain its status as a financial centre."

Shearman & Sterling, a leading US law firm, had to move offices after the Baltic Exchange blast but has signed a new 10-year lease in London. Its senior partner, Mr Stephen Volk, said: "We are not leaving London. Unfortunately, there are terrorists everywhere."

Japanese banks undeterred by City explosion

By Robert Thomson in Tokyo and Richard Waters in London

JAPANESE banks in London yesterday said they would not be deterred from doing business in the City as a result of the weekend's bomb, despite severe damage to the offices of two leading Japanese institutions.

Tokai Bank, the largest in Japan, had four floors in the Hongkong and Shanghai Bank tower, one of the buildings most severely damaged in the blast.

"London is an international finance centre and doing business there is necessary," Tokai said. "The bomb doesn't damage that image, but the risk is *increasing. We will have to* consider how to reduce the risks for our operations."

The Long Term Credit Bank of Japan, one of a small group of long-term financing institutions, was also forced out by the bomb, and moved yesterday into temporary accommodation with two other Japanese banks, Mitsubishi and Daichi Europe.

Other Japanese institutions hit by the two City bombs over the last year include Mitsubishi Corporation Finance, the financing arm of the Mitsubishi trading group, whose office was devastated, and Sanwa Bank, which was forced out of offices in the Commercial Union building last year.

The general reaction from Japanese financial institutions was that they must maintain a presence in London regardless of the risk. But the blast comes as many of these institutions, still troubled by bad loans at home, are reviewing or trimming their international operations.

Japanese securities houses have already cut expatriate staff in London as part of general shifting resources out of Europe to take advantage of higher growth in Asia. A brokerage official said terrorism in London is one more reason to send fewer Japanese expatriate staff, but would not of itself prompt the company to bring *staff home.*

"Japanese know that the IRA has exploded bombs in the past, but the attacks on the City give us a different feeling. We wonder wby they are attacking financial targets, and it does make us feel a bit uneasy," the broker said.

Mitsubishi Bank will review the security of its offices in the City of London, which were not damaged, but "it is our company's destiny to continue to expand its international business".

Sumitomo Bank, another leading Japanese institution, said that "we are gathering information and will consider what action should be taken".

City workers and repair crews queue yesterday for police passes to streets cordoned off following the explosion

Boom for group with trading places

By Andrew Jack

"WE HADN'T planned to test things out so soon," says Mr Philip Lovell, general manager of Safetynet Trading Places, an emergency computer back-up facility on the City outskirts.

Workmen are carrying in fax machines and paper. A photocopier has just been delivered. Engineers are installing telephones.

Trading Places – which has the capacity for three small City dealing rooms and back-up operations – opened last Wednesday after three months of fitting out.

Eight dealers and a dozen support staff from Tokai Bank were working in the centre from first thing yesterday. Another room was being kitted out for use by anotber unnamed bank.

"We've been working through the weekend," says Mr Paul Barry-Walsh, Trading Places' managing director. "I left at 12.30 last night and got in at 6am." Most of yesterday was spent on the telephone, to contractors, customers and potential customers.

Mr Lovell says Saturday's blast has provided 40 per cent of the company's budgeted revenues for the year. "From a business point of view it has been good," he said. At other times the service is used by companies which suffer minor accidents – such as floods and engineering failures.

Mr Hamid Noorizadeh, assistant general manager at Tokai Bank – based at the now-devastated Hong Kong & Shanghai Bank building – said he beard of the bombing on Saturday morning.

Within bours, he was in a meeting with the bank's general manager and beads of departments, implementing contingency plans completed last year.

"We were able to retrieve all our accounting and treasury data from back-up computer information stored off-site. But we cannot trade as actively as we would have."

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Leader of UK trade unionism steps down

By Diane Summers, Labour Staff

MR NORMAN WILLIS, general secretary of the Trades Union Congress – the umbrella organisation for most UK unions - yesterday announced he would take early retirement after the TUC's annual congress in September.

Mr Willis, aged 60, has held his post for nine years. Although tributes came from both inside and outside the union movement yesterday, there has also been criticism over the years of his leadership style and his lack of impact as a public speaker.

Trade union membership has fallen by more than 25 per cent to 7.7m since Mr Willis first took office, with consequent severe financial problems for the TUC – both staffing levels at headquarters and activities have had to be reduced.

The next TUC general secretary is likely to be Mr John Monks, aged 47, the current deputy general secretary. Nominations from affiliated unions for the post will be open until mid-July and an election at this year's congress in Brighton will follow if more than one candidate stands. If he becomes general secretary, Mr Monks may dispense with a deputy.

Mr Willis said he had considered retiring last year but had postponed the decision because of the TUC's campaign to save miners' jobs.

One factor which may have persuaded him to announce his retirement at this point was the recent vote by members of the Amalgamated Engineering and Electrical Union to affiliate to the TUC. The vote came five years after members of the EETPU electricians' union, now a section of the AEEU, was expelled from the TUC for poaching members from other unions.

Mr Alan Tuffin, TUC president, said Mr Willis had "led the TUC through a period when the trade union movement has come under unprecedented and sustained attack".

Mr Neil Kinnock, former Labour leader, said: "In destructive times Norman Willis has never stopped being constructive."

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Twenty pits on offer in coal sell-off

By Michael Smith

PRIVATE SECTOR coal companies are to be given the opportunity to run 20 pits under plans for the first stages of privatisation being finalised by British Coal this week.

The corporation has added two pits which have been mothballed for several years to the 18 which the government said in its coal policy paper last month would be offered to independent operators.

It also emerged yesterday that British Coal intends to offer the pits on a one-by-one basis, rather than wait for the conclusion of consultations with unions on all 20 to end.

This raises the possibility that British Coal will start advertising for bids in about a month and the likelihood that some pits will re-open under private sector control in the autumn or early winter.

The sale or licensing of the pits – either is a possibility – will be prelude to full privatisation of the industry, including the 31 remaining pits. British Coal executives expect a privatisation bill to be produced in the autumn with Royal Assent likely in the middle of next year.

In addition British Coal plans in the late summer to offer for sale its Coal Products subsidiary, which makes and sells smokeless fuel, and Compower, a data processing business dealing with pay systems.

A management buy-out team will be among the likely bidders for Coal Products which has a turnover of £150m a year.

Mr Neil Clarke, British Coal chairman, said that he also hoped a new home could be found for the Coal Research Establishment, a research agency, possibly under another government organisation.

The new additions to the list of 18 are Frances, Fife, which has been mothballed since 1984 when it produced 350,000 tonnes a year, and Keresley, Warwickshire, which closed in 1991 when production was 1.2m tonnes.

These are added to 12 pits earmarked for closure and six for care and maintenance. British Coal has rejected requests from potential bidders, including the Union of Democratic Mineworkers, that it continues to mine the pits pending lease negotiations.

Mr Ray Proctor, executive in charge of the leasing or sale arrangements, also said that British Coal would take some machinery from the pits. "We have to be conscious of the needs of the continuing collieries," he said.

Any mines licensed will be added to the 94 which already operate in the private sector. Their output, at 1.1m tonnes a year, is small compared to British Coal's, and they employ an average of 12 people.

The new generation of licensed mines will be able to employ up to 150 people under legislation which is unlikely to be changed before full privatisation. That will mean reductions in staffing at most pits.

Managers at the Birmingham plant of Leyland Daf, the troubled Anglo-Dutch truck manufacturer, yesterday signed a £40m management buyout deal, securing almost 1,000 jobs.

Mr Allan Amey, managing director (above), announced the news to workers 12 weeks after the Dutch-owned parent company went into receivership threatening the future of the factory.

The workers last week voted to accept a 5 per cent pay cut to help the buy-out.

The new company is to offer shares to every member of staff.

Mr Amey hopes to re-employ some of the 810 workers made redundant because of the financial troubles faced by Leyland Daf.

Meanwhile, a separate management buy-out plan at the Leyland Daf truck plant in Lancashire has won the backing of an investment bank, boosting hopes that 700 jobs can be saved.

Barclays Development Capital is to support the bid to keep open the plant – Europe's most modern truck assembly line.

The bank has agreed to provide £5m for the buy-out and says its is confident the rest of the £30-£40m required will be forthcoming.

Fraud cut in pilot tests on photographic credit cards

By John Gapper, Banking Correspondent

ABOUT 1m customers of Royal Bank of Scotland are to be offered the chance to have their photographs and signatures etched on their cheque guarantee cards after the bank found that it drastically reduced fraud in a pilot scheme.

The bank said an experiment involving laser etching had reduced fraud by nearly 99 per cent, and it now intended to be the first UK bank to offer all customers their photographs on cards – for no extra charge.

The bank's Highline cards act as cheque guarantee, cash dispenser and debit cards, costs some £1.20 per card. This is about three times the cost of conventional cards.

The bank said an experiment covering 30,000 customers in 39 branches over the past 18 months had reduced the anticipated level of fraud from about £45,000 to three cases involving a total loss of £494.

Changes in oil tax urged

By Deborah Hargreaves

THE UK government came under renewed pressure yesterday to maintain some tax allowances for oil exploration work over a transitional period.

There has been an outcry in the industry over the proposed changes to petroleum revenue taxes which many companies said would lead to a halving in North Sea exploration activity.

Mr John Butterfill, a Conservative MP, yesterday proposed an amendment to the draft legislation which would provide some transitional relief for oil companies affected by the government's changes to the tax regime.

Mr Norman Lamont, the chancellor of the exchequer, proposed in the budget a reduction in the PRT rate from 75 per cent to 50 per cent and the abolition of tax relief for exploratory drilling.

Mr Butterfill who is vice-chairman of the Tory MPs rank-and-file finance committee, has now suggested that tax relief for exploration work to which the industry has already commited itself, be maintained.

This could be paid for by raising the PRT rate to 55 per cent until the end of December 1996.

Many explorers were angry that tax relief would not apply to wells they had commited to drill as part of their applications to the Department of Trade and Industry for oil exploration licences.

Mr Butterfill argues that the extension of tax relief to those wells would cost some £120m to £160m.

Britain in brief

Women face extradition over US cult

Two British women facing charges of conspiracy to murder in the United States are be extradited from Britain, the Home Office said yesterday.

Mrs Susan Hagan, 46, an aromatherapist, and Ms Sally Croft, 43, a chartered accountant, deny the charges relating to a murder plot dating from 1985. The allegation against the two is that while members of a religious community set up in Oregon by the late Shree Rajneesh, they were part of a plot to kill Charles Turner, a state attorney.

Mr Kenneth Clarke, home secretary, said: "The charge is a serious one. The strength of the evidence and the guilt or innocence of the accused should be determined by a court of law and not by me."

It has been suggested Mr Clarke was under pressure to let the extraditions go ahead to ensure co-operation over possible future IRA suspects in the US. Both women left the cult in 1985 after becoming disillusioned. One campaigner for the two women said: "This is a squalid case of political expediency overriding justice."

Prison work agency opens

Reed Employment, the recruitment agency, opened an office inside Holloway women's prison to provide training and work for inmates. The project is the first of its kind to be run by an employer in a UK prison.

Inmates, who are being supervised by Reed staff, will take on typing, data processing and telephone sales work for outside companies. If the pilot at Holloway is a success, the scheme could be extended to other prisons, said Reed.

Part of the inmates' pay of £3 an hour will go towards their keep in the prison. Women taking part in the scheme will be able to make a voluntary donation to the charity Victim Support. Outside businesses will be charged ordinary basic rates for work completed in the prison.

Venture groups finance MBOs

Three venture capital groups are joining forces to provide £100m of investment for management buyouts by government agencies and other public service organisations.

Electra Kingsway Limited, Schroder Venture Advisers and ECI Ventures have launched the initiative with Capita Corporate Finance, a subsidiary of the fast-growing Capita Group.

Kinnock to host TV chat show

Former British opposition Labour Party leader Neil Kinnock, known as a fiery but long-winded orator in his years in parliament, will host his own television chat show later this year, according to BBC television.

"It will be a new experience for me to be asking questions rather than answering them," said Kinnock, son of a coalminer. Kinnock has already performed as a radio disc jockey since resigning the Labour leadership in 1992 after his party suffered its fourth successive election defeat.

Football doyen to retire early

Brian Clough, a former England international and the doyen of British football managers, will retire as manager of struggling Nottingham Forest at the end of this season, a year before the end of his contract, after 18 years in charge.

Clough, who was three times in the running to manage the national side, is fighting a seemingly lost cause to keep the north Midlands club in the new Premier League. His announcement follows allegations that ill-health was interfering with his running of the side.

Forest, European champions in 1979 and 1980, English league champions once, and League Cup winners four times under Clough, are in imminent danger of being relegated for the first time since he took them back into the top flight in 1977.

Clough, 58, has become a national figure thanks to his abrasive and eccentric style. A legendary blunt-speaker he became a popular television pundit until recent years. He will be in charge at Forest for the last two, vital, games of the season.

MANAGEMENT: THE GROWING BUSINESS

10 ways to speed payment

The upturn, when it comes, can be no excuse for easing the tighter credit controls many businesses have introduced during the recession. Financing an upsurge in orders requires continuing tough cash management and customers must still be made to pay on time, according to Alex Lawrie, a factoring company. It has a 10-point plan of action:

- Evaluate the credit status of new customers and regularly review that of existing customers. New orders are good news, unless the customer cannot or will not pay.
- Define and agree credit limits with customers. Giving unlimited credit is dangerous. Some customers may take advantage by delaying payment on large orders, others may go bust.
- Agree payment terms with customers. State terms clearly on invoices.
- Make sure invoices are sent out promptly to the correct address. Ensure they are accurate, relate to the goods delivered and include details such as order numbers.
- Keep a record of amounts owing. The sales ledger should carry records of sales and credit notes issued.
- Follow up outstanding accounts. Check that customers have received invoices and that they have approved payment. Issue regular monthly statements on time. Do not hesitate to send reminder letters to overdue accounts.
- Get on the phone to confirm which invoices are being paid, how much is being paid, when and how payment will be made and who you are dealing with. Always ask to speak to the same person. Set objectives for the phone call. They should be to obtain payment, retain goodwill and "make this the last call".
- Confirm in writing what has been agreed on the phone.
- Do not be afraid to consider legal proceedings if payment is not forthcoming. Often the threat is enough – 75 per cent of slow payers settle on receipt of a solicitor's letter.
- Match payments against invoices and maintain a separate record of unpaid invoices.

CB

A card with a checklist of how to handle telephone calls to slow payers is available free. Tel. 0295 272272.

Charles Batchelor on an innovative export scheme which might be just the ticket for unemployed managers

Travelling the Globe

Stephen Elliott covered 4,000 kilometres of German motorway in eight days earlier this year, visiting 14 companies in process.

Like any other export salesman, Elliott was attempting to interest potential buyers in his company's products. HVR International, a Tyneside-based manufacturer of high voltage resistors used mainly in electrical switchgear, is keen to get more of its products used in industrial applications.

Unlike other salesmen, Elliott was not on the full-time payroll, though HVR does employ 36 people. He was on a five-month assignment to the company as part of an innovative exporting scheme devised by Project North East (PNE*), a Newcastle-upon-Tyne enterprise agency.

PNE's Globe programme places unemployed managers who have a degree or a professional qualification with small and medium-sized companies trying to develop their export business.

Globe (the Graduate Level Overseas Business Exchange) allows companies which could not afford to take on a full-time export manager to test overseas markets. "Smaller companies often don't have the time, the resources or the contacts to do this on their own," says Colin Weatherspoon, manager of the Globe programme.

Globe is intended primarily for companies which are "passive exporters", responding to the occasional overseas order but unable to develop an active exporting strategy. They pay up to a quarter of the £4,000 cost of the programme while the secondees have continued to receive their unemployment benefit. PNE hopes this year to replace this with a system whereby companies pay a salary to secondees, of about £150 a week, but make no direct contribution to the programme.

The unemployed managers start in October with eight weeks of training from PNE and the University of Northumbria in international marketing, negotiating and selling skills. They then spend three months on assignment with a company learning about its products and its business and carrying out market research. Towards the end of their assignment, in February, they spend a fortnight in continental Europe following up phone leads and visiting potential customers.

Another Tyneside company, Kirkdale Engineering, fitted the Globe criteria perfectly. Kirkdale, a subcontract engineer with sales of £1.7m and 38 employees, makes only 2 per cent of sales outside the UK.

But co-founder and director John Jobling sees good prospects overseas for his company's speciality, rotational moulding tooling used in making plastic products such as road cones and litter bins. "To survive we have to grow and the only growth can come from exports," says Jobling.

Stephen Elliott (left) and Roger Manning: secured two new German orders

At the suggestion of PNE, which was already providing financial advice, Jobling acquired the services of Charles Scales, an unemployed manager in his late 30s with experience of manufacturing.

Working much of the time from home, Scales researched the continental marketplace before spending a fortnight visiting potential customers in Germany, the Netherlands and Belgium.

Jobling says he expected to wait six months for Scales's efforts to produce results but earlier this month he received his first order, worth £11,000, from Germany. He believes two other inquiries, one from Germany, one from the Netherlands, will become orders.

Elliott's company, HVR International, was already an experienced exporter, selling 80 per cent of its £1.5m turnover overseas. But existing export business took up all the time of the company's three-strong sales and marketing team and there was no one available to open up new markets.

Roger Manning, managing director, had drawn up a five-year growth plan which envisaged an increase in sales to £3.5m. Vital to the plan was a reduction of the company's dependence on the switchgear market and expansion into fields such as industrial controls and factory automation. HVR had one particular product on its books developed for a US customer but never exploited in Europe.

Elliott took this product to potential German customers and has already produced two small orders. Like many of the other Globe participants, Elliott did not have a marketing background – he has qualifications in mechanical engineering and accountancy – but this was not a handicap, says PNE's Paul Sampson. An engineering background gave participants a head start in understanding the products they were selling and their applications.

Language skills were a bonus but did not prove absolutely necessary for participants, says Sampson. Elliott spoke enough German to get through to the design engineers he needed to reach and once he had found them they were willing and able to speak English.

But helping north-east companies get into overseas markets is only half of the Globe project. It is also intended to help the unemployed managers find jobs, if possible in the company to which they are allocated. Kirkdale was not able to offer Scales a job but HVR has kept Elliott on for a further six months. If this works out he can expect to be offered a senior job, says Manning.

As the Globe Initiative has evolved – Weatherspoon is now working on the third programme – it has had to move upscale. It started out supporting companies with between 10 and 15 employees but these were too small to sustain the export drive or to offer a job to the secondee.

The third programme is targetting companies employing between 30 and 250 people though Weatherspoon is concerned that this shuts out the smaller business. "Maybe there are other ways of helping them," he muses.

Pitched at companies of a suitable size, Globe appears to provide a valuable service. "If we hadn't taken part in this project we would have had to do the job in-house in the tea break," says Jobling. "It would have taken us two years to get this far if we had been doing it ourselves."

**PNE is an enterprise agency – though it prefers the label business support agency – funded by corporate sponsors, Training and Enterprise Councils and by charging for its consultancy work and programmes. It is at Hawthorn House, Forth Banks, Newcastle upon Tyne, NE1 3SG. Tel. 091 261 7856.*

—In a— Nutshell

How to challenge a rates assessment

Businesses regard their rates bill as a fixed overhead but in many cases they can challenge an assessment and reduce its impact, according to a new guide from surveyors Nelson Bakewell.

The Occupier's Guide to Commercial Rates explains how the rating system works with particular reference to the transitional arrangements brought in following the last revaluation in 1990.

Rate demands are frequently hard to decipher because of the complexity of the law and a lack of standardisation, layout and detail contained in the forms, the guide states. Rating authorities often make inaccurate assumptions or fail to apply the transitional calculations correctly.

The guide explains the circumstances in which businesses may appeal against their rate demand and points up the importance of making sure that the next re-rating, from April 1995 but based on notional rental values of April 1993, is accurate.

From Westland House, 17c Curzon Street, London W1Y 7FE. Tel. 071 629 6501. 12 pages. Free.

Business angels to the rescue

Private investors with more than £3m of available finance have signed up with Techinvest, a Cheshire-based scheme which brings together investors and small companies seeking equity finance.

Techinvest, one of five pilot "business angel" programmes backed by the Department of Trade and Industry, has 30 investors on its books. Two investments have already been made and funds offered to all of the companies seeking finance.

The scheme is intended for growing businesses seeking up to £250,000. The next investors' club meeting, at which companies seeking funds will make presentations, is on May 18.

Contact Vivienne Upcottgill, South and East Cheshire Training and Enterprise Council, PO Box 37, Dalton Way, Middlewich, Cheshire, CW10 0HU. Tel. 0606 737009.

A pathway through Europe

Confused by the wealth of health and safety legislation to come out of Brussels? Puzzled by the acronyms used to describe European Commission programmes to foster technology transfer or exports?

A guide to the workings of the EC and the single market is provided by European Pathways, a booklet produced by the Bedfordshire County Council's economic development unit.

Sections are devoted to the European framework of standards, testing and certification, to environmental policy and to British government and private-sector organisations which can help with exporting.

Some information relates specifically to the county but most is of general value. A comprehensive list of contents and an index add to the usefulness of this guide.

From County Hall, Cauldwell Street, Bedford MK42 9AP. Tel. 0234 363222. 78 pages. Free.

Revenue gets tough over late payments

Employers who are late in transferring PAYE and National Insurance contributions to the Inland Revenue face the prospect of automatic interest charges and a more stringent implementation of penalties under new Revenue rules, according to Touche Ross.

On April 19, employers became liable to an automatic interest charge on all tax and NI contributions not paid over within 14 days of the end of the payment year. Although there has been no change in the penalty rules, they were not previously enforced with great rigour and the tougher interest rules may prompt a more stringent regime, Touche says.

Penalties for late returns are up to £300 each with an additional £3,000 on each incorrect return. May and June 1994 may signal a concerted Revenue operation once the new rules have been in force for a year, Touche warns. Employers must gear up for the new regime in time and clarify any uncertainties with their tax office, the accountants urge.

TECHNOLOGY

IBM's new graphics system is an effort to marry R&D with commercial instinct, reports **Andrew Fisher**

Three-D vision of the future

The images are stunning: a sleek red sports car turns slowly and cruises off screen; a blue-green rendering of the earth's atmosphere shows how the ozone layer is thinning alarmingly; red balloons drift through a group of near-abstract futuristic buildings.

Capping all this, the viewer – wearing special glasses – is treated to three-dimensional pictures of breaking pottery, with fragments spilling in slow motion off the big high-definition screen, and a sinister-looking metal container with forked arms which pursues autumn leaves as they scatter across a garden and appears to enter the room.

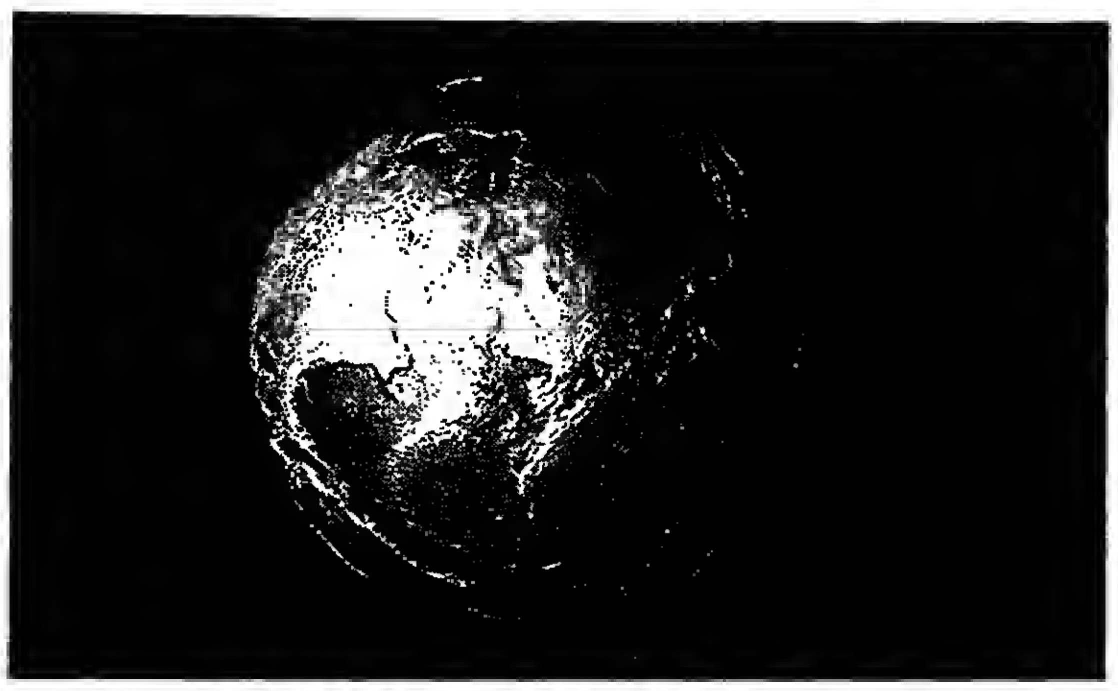
Producing this blend of realistic and toy-like images is IBM's Power Visualisation System, now being sold to scientific institutions, special effects studios and industrial users in the US and abroad. PVS costs between $300,000 and $1m (£200,000 and £677,000), can be hooked up to supercomputers or used with parallel processing systems for increased power, and can be combined with a variety of software and connecting equipment.

But more important than all of PVS's capabilities and potential is what this advanced computer graphics system represents for IBM, now no longer the overlord of the world computer industry and struggling to regain profits and credibility in fragmenting markets.

That challenge thrusts deep into the heart of IBM, affecting not only its products and marketing operations, but also its research activities. For PVS, like several other new products including speech recognition and multimedia conference systems, was developed in the group's research facilities and not by one of the product divisions.

"We have to run like hell to survive," says Jim McGroddy, IBM's director of research. "As a company, we've not been in enough of a hurry. We've not felt the heat of the market so much." With group losses last year of some $5bn, further heavy job cuts in prospect and a tough new chief executive appointed from outside to stop the financial rot, the heat inside IBM has become scorching. Every part has to justify its existence.

That is true of the research activities – headquartered in New York state and employing 3,300 people in the US (including California), Switzerland, Japan and Israel – just as it is for other more commercially exposed parts of the business. The research division's funding has been cut by 10 per cent to $500m this year, though there are hopes that some will be made up from federal sources. (IBM's total research and development budget was $6.5bn in 1992.)



How the world looks to IBM: using PVS, the globe appears on screen in full colour and three-D

In the present harsh business climate, IBM's research unit is determined to show that it can combine its scientific and electronics skills, which have yielded several Nobel prizes and a third of IBM's 30,000 worldwide patents, with the hard-nosed commercial abilities needed to succeed in the market place.

That means pushing beyond IBM's traditional areas of mainstream computer activity into new markets. According to Mark Bregman, head of technical plans and controls at the research division: "In the last five to seven years, the principle value creation in information technology has come from the formation and exploitation of new business segments rather than just the expansion of existing segments."

As well as being developed by IBM's research division, PVS is also managed and marketed from there. Previously, when a product idea was identified as being commercially viable, it was developed by one of the concern's operating divisions. The decision to invest depended on whether there was an IBM unit in the relevant business. "If there was not an IBM partner, most often it would be decided not to invest," Bregman notes.

Since there was no obvious IBM operation to bring PVS to end-users, the research division decided to run with the system itself. "It was aimed at a market where IBM is not a major player," says Armando Garcia, research director of visualisation systems.

Convinced of PVS's future, and backed by IBM executives, the research division sank $20m into the system's development and brought it to the commercial stage in less than two years. Normally, this would have taken twice as long. A special team was set up to propel PVS, with its own Data Explorer software, from the laboratory to the market place.

When this had been done, PVS's managers faced the problem of convincing the market of its uses. In the entertainment world, this has not been too hard. The special effects that can be generated by PVS are an obvious asset in the constant Hollywood battle for big screen success. IBM has sold the system to several US film studios.

Scientific applications are also fairly easy to identify, as huge volumes of data can be transformed into animated visual images with PVS. These can be spun round, shrunk and blown up, or twisted into new shapes. Thus scientists can view and analyse complex arrays of information in new ways. Examples include the mapping of the ozone layer's deterioration, simulated chemical interactions and medical scanning images. Both Cornell and Princeton universities have PVS equipment.

The real test, though, will be the extent to which IBM can move its research-derived products into the wider industrial and business world. Honda of Japan has a PVS system and European car companies are also showing some interest. With PVS, says IBM, manufacturers can speed up car design by dispensing with clay models.

Yet some in the industry remain to be persuaded, says Garcia. "True car designers are still not convinced they can dispense with traditional tools." This is where IBM's researchers, many of whom are more used to talking and thinking along scientific rather than commercial lines, have to ally themselves with marketing experts.

PVS is in competition with other high-powered systems sold by companies such as Silicon Graphics, Qantel and Kodak. It is not meant to replace supercomputers like Cray's, but to be used with them if necessary. According to Eric Rosencrans, marketing manager for PVS, the next step is to sell the system as an analytical tool to financial institutions and industrial companies, to provide them with improved visual means of monitoring performance and understanding how the parts of their operations interact.

But to do this, IBM will have to make its systems more readily usable by managers who know little or nothing about computers. The group has not always been good at exploiting its technologies. It was slow, for example, to bring out its own computer using Risc (reduced instruction set computing) which it invented in the mid-1970s.

To inject the necessary urgency and financial discipline into research projects which enter the commercial category, strict criteria have been laid down. Projects are evaluated on the basis of what they are trying to achieve, how this can be recognised so as to prevent them from becoming open-ended, and the value to IBM. That value used to focus on higher revenues or lower costs. Now, explains Bregman, "it is increasingly used in a broader sense to include new markets and new businesses".

One of these is rapid prototyping, an industrial design tool aimed at giving engineers an actual plastic model of what they are trying to create. This example, not yet on the market, illustrates what McGroddy means when he talks of "entering the white space" where IBM has traditionally not ventured. IBM's researchers insist that such activities do not mean it will weaken its commitment to fundamental research.

Instead, they hope that the flow of funds back from the sale of successful products will be used, at least partly, to enhance the research spending. If IBM can pull its new ideas out of the research laboratories and put them into the market place quickly enough, it could gain a new entrepreneurial impetus at a time when this is desperately needed. If not, the white space it is so keen to enter will be blinding rather than enlightening.

Technically Speaking

Concorde's heavy use of protocol

By Robin Gilbert

"OVER the last few years, HIV-infected patients have faced a bewildering barrage of press opinion" about the efficacy of Wellcome's drug Retrovir.

The latest episode occurred earlier this month when a press conference from an Anglo-French trial called Concorde revealed preliminary data that suggested there was no benefit among people in the early stages of HIV-infection after three years of treatment.

This conclusion contrasted with other Retrovir trials, such as the one-year study published in August 1989 which was acclaimed as providing some hope in deferring the disease.

To those present at the US Food and Drug Administration meeting in January 1990, it will come as little surprise that the benefits of Retrovir could decline over time. Nevertheless, the preliminary conclusions of the Concorde trial seem discouraging.

A recent article in the British Medical Journal supports Wellcome's view that changes in protocol make any meaningful analysis difficult. The main problem is that about 40 per cent of people who initially received a placebo changed early to Retrovir for compassionate reasons.

The article also quotes Ian Weller, a principal investigator in the trial. He says the only way to analyse the data was on a so-called "intention-to-treat" basis. This means that patients who start in a control group remain there for statistical purposes regardless of whether they continue taking the placebo.

"Any statistician will tell you that unless you do this, you destroy the randomisation of the study. You can't just forget people who stopped or started taking the capsules or it introduces bias," claims Weller.

Intention to treat analysis is discussed in a number of recent articles. A standard discussion is included in the 1990 book "Statistical issues in Drug R&D".

This article supports the general principle of intention to treat analysis. But it does raise a number of practical questions about its limitations, pointing out that one crucial problem to clinical trials is that they rarely, if ever, can be performed without flaw. There is, for example, a danger that patients may not comply perfectly with the assigned therapy or they may deviate under medical advice.

Problems of this nature are of particular concern in a long-term clinical trial with large numbers of people involved, especially in Aids therapy where popular advice tends to influence the patients involved in the trial.

Similar concerns are raised in a second article, "The application of the principle of intention to treat to the analysis of clinical trials" (Gilling and Koch, in Drug Information Journal P41 1, 1991). Though this article emphasises the need to follow intention to treat analysis, it recognises the problems of meaningful analysis when the original trial protocol is breached to a significant extent.

Weller, therefore, appears to be sticking rigidly to the principle of intention to treat. Given the number of changes from protocol in this trial, one must query the strength of Weller's conclusion.

Results of another Retrovir trial in early-stage patients are to be reported shortly and doubtless will lead to a similar worldwide debate on the merits of this therapy.

A recent article in Nature, demonstrating how HIV infects large numbers of cells in the lymph glands during the early phase of the infection, has received comparatively little publicity outside the medical press.

This explains how the disease was progressing during the latent phase even when difficult or impossible to detect in the bloodstream. It indicates the importance of starting drug therapy at the earliest stages of infection.

The Concorde study's preliminary findings indicated that Retrovir was well-tolerated. It must be hoped that combination therapy, using Retrovir, will provide a greater level of success in deferring the onset of the disease.

The author is pharmaceuticals analyst at Panmure Gordon.

BUSINESS AND THE LAW

Peugeot supply ruling upheld

EUROPEAN COURT

A refusal by Peugeot, the French car maker, to supply cars to a company specialising in parallel imports bas been declared unlawful by the European Court of First Instance.

The court upheld a European Commission decision that Peugeot's refusal to supply Eco System, a Frencb car importer, was contrary to EC competition rules. The Commission found the refusal to supply hindered the importation into France of new Peugeot cars bought in Belgium and Luxembourg by French consumers who used Eco System as a professional intermediary. It also said Peugeot's action did not come within the scope of the block exemption relating to certain categories of car distributioo and servicing agreements.

Peugeot argued that its refusal to supply wss covered by tbe block exemption. Although the block exemption specifically authorised the sale of cars by a distributor to the final consumer who used an independent intermediary for the purpose of purchasing the car, Eco System was not just an indepeodeot intermediary but in fact acted as a reseller, Peugeot said. Uoder the terms of the block exemption, it was lawful for a distributor within an exempted oetwork to refuse to supply independent resellers.

The court was not convinced by these arguments. It found Eco System was not acting as a reseller and that therefore Peugeot's actions could not be validated by virtue of the block exemptioo.

T-9/92: Automobiles Peugeot SA ond Peugeot SA v Commission, CFI 2CH, 22nd April 1993.

Interpretation of the scope of the Brussels Coovention

In a reference from the German Bundesgerichtshof, the Court gave a preliminary ruling on aspects of the Brussels Conventioo, which sets out the rules for the jurisdiction and enforcement of civil judgments in the EC. The case involved the death of a German school boy while on a trip to Italy.

The teacher in charge of the trip was charged in Italy with manslaughter. The boy's family intervened in the case, bringing a civil suit for damages against the teacher. The Italian court found tbe teacher guilty of manslaughter and awarded damages of L20m (£8,500).

The German courts, on application from the family, ordered the enforcement of the damages award. The teacher appealed this decision. The appeal court held that he was liable to pay the damages as the judgment of the Italian court fell within the scope of the Brussels Convention. This decision was further appealed, and it was during the course of this action that reference was made to the European Court.

The court ruled thet the Brussels Cooventioo applied to civil matters, whether tbey were brought before civil or criminal courts.

It then had to determine whether the teacher, who at the time of the incideot was employed by the local authority, was acting in the exercise of his public duties as the Brussels Cooventioo does oot apply to administrative matters, whicb is taken to include those matters involving the exercise of public authority powers. The court found that although the teacher was a civil servant he was not at the time of the school trip exercising his public authority powers. This was so even if under German law, he was assumed to be acting under sucb powers. The case was therefore covered by the Brussels Conveotion.

C-172/91: Volker Sontag v Hans Woidmann, Elisobeth Woidmann and Stefan Woidmann, ECJ FC, 21st April 1993.

Corrigendum

In last week's column, in the report of *Case C-19/92: Kraus v Land Baden-Wurttemberg*, the sum of money referred to sbould have been DM130, not DM13 and the final sentence should have read: "However, such action by member states was limited to the extent that it could not restrict the effective exercise of tbe fundamental rights relating to movement and establishment rights guaranteed by the Rome Treaty."

BRICK COURT CHAMBERS, BRUSSELS

The IRA's latest bombing in the City of London may force the government to speed up legislation to insure property against terrorist action, says **Robert Rice**

Insurers search for some cover

The IRA bomb in the City of Loodon at the weekend has underlined the urgency of introducing as swiftly as possible the government-backed scheme for insuring commercial property against terrorist bomb damage.

Last December - 10 months after the IRA's first big bomb in the City which caused an estimated £350m damage – the government agreed to act as "reinsurer of last resort". But legislation to bring the scheme into operation has yet to be presented to parliameot.

Until it is, the insurance industry must continue to rely on Departmeot of Trade and Industry assurances that it will pick up the bill for terrorist-inflicted damage.

Pool Re, the mutual reinsurance company set up by the insurance industry to manage the proposed terrorism fund, began collecting monies for tbe pool in January. But the estimated £300m-£400m cost of repairs arising from Saturday's bomb in Bishopsgate will more than exhaust the premium income collected so far, leaving the governmeot and the insurance industry (which has agreed to bear 10 per ceot of the excess reinsurance costs) to stump up as mucb as £200m.

With Pool Re's existing funds likely to be absorbed by claims from the weekend bombing, the governmeot will have to bear tbe bulk of the cost of any further IRA attacks on mainlaod Britsin this year.

The industry must continue to rely on government assurances that it will pick up the bill

The Association of British losurers (ABI) called st the weekend for the legislation to enact Pool Re to be brought forward from its planned implementation date in mid-May.

However, there are still several problems with the scheme itself whicb remain to be resolved before the enabling legislatioo can be introduced. Many of the scheme's details remain sketchy.

Property owners sod insurance purchasers, who welcomed tbe government's earlier decision to fill the gap created when the insurers own reinsurers withdrew support for terrorism cover last November, have expressed doubts about Pool Re's viability.

Under the proposed scheme participating insurance companies and syndicates would all charge the same level of premium for cover against terrorism; premiums would be determined by factors such as the sum insured and the location of the property. Tbe premiums would go into a pool to be managed by Pool Re and would be used to meet all claims up to an amount equal to tbe reinsurance company's annual premium income; the govarnment would reinsure most claims in excess of that amount.

Beyond this little is known about how the scheme would operate. No one, for example, seems sure about the size of the pool. The government axpects the pool to attract about £500m a year in premlum income; the ABI is less optimistic, suggesting a pool of £250m-£300m.

After Saturday's bomb that figure looks woefully inadequate. So how can the size of the fund be increased? Should it be compulsory to purchase sdditional cover against terrorism possibly through the imposition of a standard levy on all commercial insurance policies?

And what would happeo to the pool if no claims were made during a particular year. Would companies receive a contributions holiday the following year? If there are no claims who would share in the profits?

These questions are typical of the concerns voiced by the Association of Insurance and Risk Managers in Industry and Commerce (AIRMIC). At a recent AIRMIC conference, members (companies wbich buy their own insurance on the market) raised several serious reservations about the scheme:

- The heavy cost of administering quotations;
- the unclear position of captive insurance companies set up offshore by companies such as Imperial Chemical Industries to insure their own businesses; will they be able to buy into Pool Re?
- doubts about whether the scheme would cover the cost of disruption for businesses;
- the difficulty of defining terrorist-inflicted losses where companies have not insured against sucb damage.
- Ambiguity over office blocks with multiple leases. What is the position of tenants who are covered against terrorism while otbers in the same building are not?

Sir Francis McWilliams, Lord Mayor of London, at the NatWest Tower

Because of the uncertainty over a scheme described by the AIRMIC as vague and impractical some companies are looking for cover elsewhere in the market; they are also becoming increasingly selective in their purchase of terrorism cover, insuring some buildings in high-risk areas such as central London but leaviog buildings in lower risk areas uncovered.

Before the IRA bombing in Warrington last mooth such an approach might have been acceptable. Today it constitutes an extremely risky strategy, says the AIRMIC. "If a company witbout cover suffers a big hit, it could be ruined. What would its shareholders and bankers say?" an AIRMIC spokesman says.

Property owners share most of these concerns but raise one more significant problem whicb could ultimately prove fatal to the scheme's success.

According to Mr David Knight, a property lawyer with City solicitors Lovell White Durrant, one of the most worrying aspects of the scheme from the insured's point of view is that it is the only option available in the market; as all insurance companies and Lloyds syndicates are likely to offer the same quote, there is no opportunity to shop around. The insured must take what is on offer. That, he says, may have serious implications under EC competition law.

Ms Pat Treacy, a competition lawyer with Lovells, believes an agreement or arrangement between the insurance companies and the Lloyds syndicates participating in the new scheme could contravene EC competition rules.

"Where a number of competing insurance undertakings enter into an arrangement under which they will provide cover only through an agreed mechanism which will enable them to demand uniform higher premiums in such a way as to minimise risk to themselves and to decrease cover for the insured, that arrangement may well fall within the scope of Article 85 of the Rome treaty," she says.

Article 85 probibits anti-competitive agreements or arrangements which have an effect on trade between member states of the EC. To avoid the risk of the arrangment being declared unlawful and insurance companies incurring fines, the insurers would have to obtain an exemption for the agreement from the European Commission; companies could either seek an individual exemption or a block exemption for agreements in the insurance sector which came into force on April 1. Obtaining an exemption will be difficult.

However, privately, the ABI appears to be quietly confident of winning an exemption for the scheme.

The ABI says it is aware of the potential competition problems and that it is in contact witb Brussels over the issue. The AIRMIC, however, is more dismissive of the competition issue. "Without Pool Re there would be no cover. Why would any company want to see it struck down?" It says.

Lovell's lawyers say property owners are relieved the government has agreed to act as "reinsurer of last resort" and are anxious not to rock the boat. However, property owners and other interested parties dissatisfied with Pool Re could still lobby tbe Commission if tbey oppose the final shape of the scheme. Lovells, which believes the scheme may eventually be accepted by Brussels, says it will be advising its clients that such a course of action would be a legitimate option to enforce change.

Whatever the merits of soch tactics it is clear that there are still many problems with the Pool Re scheme. Saturday's bomb is a reminder that time is not on the government's side.

PEOPLE

Hutchinson's visa for new job

Four montbs after leaving Nationwide Building Society when his job disappeared, John Hutchinson has stepped into a new post at Visa International. Nationwide's former corporate strategy director is to become Visa's UK managing director.

Hutchinson was employed by Nationwide to develop strategies for diversifications such as moves into selling insurance in branches, but lost his post in December when the society decided to concentrate on its core business.

Tbe interveniog months gave him time to think. "It is never an easy time when you are casting around trying to sort out the future. But it gave me some time to think about what I enjoyed, and what suited me," he says.

He came to the conclusion that he would like a strategy job connected with credit cards, having headed Lloyds bank's Visa card operations earlier in his career. "I have been very close to credit cards for a long time," he says.

It also suited Visa to take him on for a new post with responsibility for UK operations within Visa's Europe, Middle East and Africa operations. Hutchinson envisages eventually heading a policy staff of oo more than 20 people.

Hutchinson will report to Jean-Jacques Desbons, chief executive of Visa international for the region. He will also report to tbe Visa UK board representing the 43 banks and building societies wbich wanted a director for Britain.

Insurance moves

■ **David Batchelor**, chief executive of JIB's Asian retail operations, has been appointed president and and chief executive of JARDINE INSURANCE BROKERS Inc from May 1 when **George Brown**, current chief executive, will become non-executive chairman.

■ **Theodore Obrist**, general manager of Swiss Reinsurance, has been appointed to the board of TRADE INDEMNITY GROUP.

■ **Stephen Cane**, md of Pulbrook and MIS agencies, has been appointed md of MERRETT UNDERWRITING AGENCY MANAGEMENT; he succeeds **Dennis Purkiss**, who remains chief executive of the Merrett Group and becomes deputy chairman of MUAM.

■ **Graham Dimmock** has been appointed md of EMPLOYERS Reinsurance and **Peter Edwards** md of Employers Reassurance. **Mick Furie** is appointed marketing director of Employers Reassurance. **Robin Snook**, md of Employers Re Corporation (UK), Employers Reinsurance and Employers Reassurance, has retired.

■ **Ken Rolls**, formerly md of CE Heath (UK), has beeo appointed development director of Sedgwick Global, part of SEDGWICK UK Ltd.

■ **Christopher Bell** (below left) has been appointed deputy chairman of HARRISON HOLDINGS and RK HARRISON INSURANCE BROKERS. He is succeeded as md of the insurance broker by **Simon Hall** (below right).

■ **Michael Wacek**, formerly executive director and general manager, has been appointed md of ST PAUL RE, London; **Vartkis Boghos** was elected chairman and **James White**, president of St Paul Re, New York, deputy chairman.

■ The European Policy Forum, the cross-party and pan-European think tank, has appointed a new governor in the shape of **Floris Maljers**, chairman of Unilever NV (left). **Sir Ronald Halstead**, chairman of the Industrial Development Advisory Board and deputy chairman of British Steel; **Nicholas Colchester**, deputy editor of The Economist; and **Jonathan Rickford**, BT's director of government relations, have been appointed members of the forum's council.

Finance post at Euro Disney

The advance of French executives at Euro Disney continues witb the appointment of Xavier da Mézerac as vice presideut, financial planning and analysis. De Mézerac, 37, replaces American John MacLeod who is returning to a US post with Walt Disney. De Mézerac was previously witb the Corning Group, most recently as European director of finance and business development. At Euro Oisoay, he will report to John Forsgren, finance director.

His appointment follows that of Philippe Bourguignon, who replaced Robert Fitzpatrick as cbairman of tbe Paris-based theme park last January.

After a slow start, Euro Disney decided late last year to embark on s drive to persuade Freoch visitors to visit the park. As a result, the group came close to reaching its first year target of 11m visitors.

■ **Crown Leisure**, the amusement machine operator, has appointed **Net Solomon** as its non-executive chairman. Solomon has long experience of the leisure sector, having previously been managing director of Associated Leisure and chairman of Pleasurama and of tbe Tottenham Hotspur football clnb. Crown, whicb is based io Preston, recently bought part of tbe Brent Walker Leisnre gronp, enabling it to increase tbe nnmber of amusament machines it owns to 8,000. The company bad e turnnver of £12m in the 15 mnnths to September 30 1992.

Bodies politic

■ **Martin Couchman**, formerly director of administration at the National Economic Development Council, bas been appointed deputy chief executive of the BRITISH HOSPITALITY ASSOCIATION.

■ **Allan Bridgewater**, director and group chief executive of Norwich Union Group, has been elected chairman of the ASSOCIATION OF BRITISH INSURERS.

■ **Duncan Macdiarmid**, formerly director of finance at Help tbe Aged, has been appointed director of the BERNARD SUNLEY CHARITABLE FOUNDATION; he replaces the Rev Anthony Winter who has retired as secretary to the trustees and takes over the duties of Sir William Shapland who nevertheless remains a trustee.

■ **Sir Robert Wade-Gery** (below), a director of BZW and a former diplomat, has been

appointed chairman of the BRITISH IRISH INDUSTRY CIRCLE in succession to Dermot Smurfit.

■ **Nelson Porteous** has been elected president of the Federation of Plastering and Drywall Contractors.

■ **Malcolm Bates**, deputy md of GEC, has been appointed a member of the INDUSTRIAL DEVELOPMENT ADVISORY BOARD.

■ **Lord Tombs**, former chairman of Rolls-Royce, has been appointed a member of The SECURITY COMMISSION.

■ **David Singleton**, commercial director of Whitbread, has been appointed a member of the MEAT AND LIVESTOCK COMMISSION's Consumers' Committee.

■ **Rosamund Blnmfield-Smith**, an assistant director of J Henry Schroder Wagg, has been appointed a member of the board of the NATIONAL RIVERS AUTHORITY.

Exhibitions

The history of sculpture, and Moore

William Packer reviews diverse examples of the stone-carver's art

The conversion, by the Jeremy Dixon/Edward Jones partnership, of a group of Victorian offices and warehouses alongside the Leeds City Art Gallery, was discussed in an architectural context by my FT colleague, Colin Amery, last week. In more general terms, what it does is to give the newly constituted Henry Moore Institute its headquarters, and the public a fine new gallery dedicated to the display of sculpture.

The Henry Moore Centre for the Study of Sculpture was set up by the Henry Moore Foundation in 1982 and housed within the Leeds City Art Gallery. The Henry Moore Sculpture Trust came next, in 1988, to make work of all kinds better available to the public. And since 1989, the Trust's active collaboration with working sculptors has been centred upon the Henry Moore Sculpture Studio, at Dean Clough in Halifax. For all this apparently confusing – though hardly confused – activity the Institute will provide an administrative heart and public focus.

However, the inaugural show is no celebration of the modern or contemporary. Rather, in going back to some of the earliest surviving examples of English medieval sculpture, it lays proper emphasis on a continuing and universal tradition. It is nicely appropriate, too, to Henry Moore himself, whose first conscious encounter with sculpture as such was with the medieval monuments and decorative carvings in the parish church at Methley, a village between Castleford and Leeds, to which he was taken by his schoolmaster as a boy.

Rather more ironically apropos is the story Moore often cited of the carving rolled down the hill and reduced to its truer self as all the unnecessary bits were knocked away. At Leeds, with the more-or-less life-size figures from the West Front of York Minster which dominate the exhibition, are sculptures *not* so much with the unnecessary bits knocked off as with virtually *all* the bits knocked off, mere ghosts and dim echoes of sculptures, so grievously are they eroded.

They remain extraordinary objects, the physical nature of their substance wonderfully revealed in the weathering and pitting that reduces the limestone to honeycomb. But to claim such residue as art is wishful thinking. What it might have been is another matter. Certain of these figures – and the rather better-preserved fragments and reliefs from York itself, Gisborough, Lincoln and elsewhere – do more than enough to tell us what has been lost. They do this by their own vigour, formal invention and refined simplicity. Devils devour a sinner's soul: a mason carves at a block of stone. Such images touch the heart across the centuries.

The importance of the art-historical research into these works is undoubted, and already it has been established that the York figures long pre-date the 14th century West Front, with which they had always been assumed contemporary. But scholarship, however worthy, does not always make for successful exhibitions. Here the Romanesque would have been a subject entirely appropriate to the occasion of this brave new departure, but sadly, in the event, this exhibition is a misjudgment and a disappointment.

Over at Kirkstall Abbey, an incongruously complete and magnificent ruin in a Leeds suburb, the German sculptor, Ulrich Ruckreim has installed a series of works in the north arcade, which appears made for the spot. Ruckreim is a minimalist, but a romantic minimalist, splitting open his blocks of stone in a way that both celebrates the material itself, in its mass and physical texture, and the manner of his working it – the drilling and cutting and splitting.

Here he also responds directly to the setting, putting the component pieces of these works through as many permutations, but making each single work conform to a consistent buttress-like image that both echoes and opposes the ambient gothic architecture. And if, in the event, his work here serves to celebrate the great spaces of the Abbey rather than itself, it is as clear that Ruckreim is as moved by them as we are, turning with us to consider the high vaults, the great void of the West Window, and the sky above.

Jorgen Sorensen is a Danish sculptor of international reputation, yet one who is barely known in Britain. Indeed, this exhibition at the Yorkshire Sculpture Park is his

Rock of ages: the York Minster carvings still have the power to move in spite of their deterioration

first substantial showing in Britain in a 30-year career. Set in the Park's upper spaces, high above Bretton Hall near Wakefield and the valley beyond, his work could hardly be seen to better advantage. In particular, never before has he had the opportunity to throw his work up so high against the sky.

He too is now principally a carver and a consummate carver at that, working the surface of the stone with the utmost subtlety and variety of tone and texture, yet never sacrificing an essential and monumental simplicity that lately has grown ever simpler.

Here he shows only his non-figurative work, resting mass upon mass to be held by sheer weight alone and, like Ruckreim, leaving the marks of drill and wedge to declare themselves.

And yet, for all their massiveness, these things retain a curious humanity, if not of scale then at least of feeling. The great granite piece that stands alone in the centre of the sloping Botby Garden, abstract as it is, recalls nothing so much as one of the late two- or three-piece reclining figures of Henry Moore – an indirect and unconscious homage perhaps, but in these circumstances wonderfully appropriate.

Romanesque – Stone Sculpture from Medieval England: The Henry Moore Institute, Leeds, until July 19 – funded by the Henry Moore Foundation

Ulrich Ruckreim: Kirkstall Abbey, Leeds, until June 20 – presented by the Henry Moore Sculpture Trust

Jorgen Sorensen – Retrospective: The Yorkshire Sculpture Park, Bretton Hall, near Wakefield, until July 4 – supported by the Arts Council's International Fund, the Danish Ministry of Culture, the Royal Danish Embassy, Celcon Blocks Ltd and the Henry Moore Foundation

Jorgeo Sorensen with "An Experience Less" in Wakefield's Bretton Hall

Broadway Theatre

Chekhov meets the Brooklyn sisters

What a joy to pass a few hours in the company of the sisters Rosensweig, each as lovely as Wendy Wasserstein's play about them, which has transferred to the Ethel Barrymore Theatre on Broadway after a sold-out off-Broadway run.

They are achievers, those three Rosensweig girls, born in Flatbush, Brooklyn and now living individually exceptional lives across the globe, who come together for eldest sister Sara's 54th birthday at her home in Queen Anne's Gate, London.

The clash and mingle of British and American cultures is more than the subject of this play but its formal lineage. *The Sisters Rosensweig* combines the wit and style of a British drawing room comedy – everyone here is clever, accomplished, wealthy, or at least good-looking, and always has a great exit line – with the inward focus of the American family drama, and spices it all with a dash of Chekhov.

The play is steeped in Jewish references which lend it not only much of its humor but its deepest resonance: the Rosensweigs cannot move forward, Wasserstein suggests, until they can live with their cultural past, as Jews, Americans, and women. Like their Chekhovian predecessors these three sisters are in search of an elusive moment of happiness, but this is not a play of smouldering subtext and compromised desires. The Rosensweigs, like the women in Wasserstein's previous plays, *Uncommon Women and Others*, *Isn't It Romantic*, and the Pulitzer-prize-winning *The Heidi Chronicles*, are finding their way to their own personal Moscows.

The Sisters Rosensweig is set during 1991, the breakup of the Soviet Union provides a symbolic equivalent to the shakeups happening between and within the characters on stage. The sister whose world needs and gets the most shaking is Sara Goode (Jane Alexander), a high-powered manager for the Hongkong Shanghai Bank who lives in London with her teenaged daughter Tess (Julie Dretzin).

England is the perfect place for Sara to hide from herself: "What a relief," she says, "to live in a country where your emotions are openly repressed." Tess is less impressed with expatriate life: she is threatening to join the Lithuanian resistance with her witless working-class boyfriend (Patrick Fitzgerald).

The shaking starts for Sara when Merv (Robert Klein), an American faux-furrier and passionate Zionist, crashes her birthday party. In town for the party is Sara's youngest sister Pfeni (Christine Estabrook), a restless travel writer who "leads her life like she's on an extended Junior year abroad." Pfeni's inability to find permanence extends to her romantic life: her lover, Geoffery, a British theatre director (John Vickery, in a wonderfully showy turn), is bisexual.

Completing the trio is Gorgeous Teitelbaum (Madeline Kahn), a radio pop psychologist and wife of a wealthy Boston lawyer, who comes to London leading a tour of her temple women's group. The character, which could easily be a brassy cliche, is in Wasserstein's sensitive writing and Kahn's brilliantly understated performance, a suburban sage. Gorgeous's hilariously aphoristic yenta-ing: "You can't judge a book by its cover," she tells Pfeni about Geoffery, "but it seems to me that you are in the wrong library," masks her own secrets and deceptions.

Daniel Sullivan's direction is as elegant, subtle, and attentive to detail as John Lee Beatty's set and Jane Greenwood's costumes. Jane Alexander brings just the right combination of determinedness and gentleness to Sara; her performance is perfectly observed down to her touch of British accent. Robert Klein, best known as a comedian, is a less polished actor than the others, but his rough edges make him a wholly plausible Merv: out of place, but full of a singular charm.

Estabrook seems implausibly wan for a woman who has made a career as unconventional as Pfeni's, but the problem lies as much in the writing as in her performance. Pfeni's personal journey is less satisfying than her sisters'; she wafts off at the end of the play as she entered it, still "a wandering Jew." Perhaps Wasserstein is leaving room for *The Sisters Rosensweig II: Pfeni's Return?* We can only hope.

From left: Madeline Kahn, Jane Alexander and Christine Estabrook

Karen Fricker

New York Ballet

Beauty relocated

The San Francisco Ballet can lay claim to being the oldest company in America: the San Francisco Opera Ballet was formed in 1933 with the Diaghilev dancer Adolph Bolm as ballet master. But from the late 1930s the company was chiefly identified with the Christensen brothers: William (artistic director), Harold (director of the company's school), and especially Lew, Balanchine's first American Apollo, who succeeded William in 1951.

From early on, therefore, there was a Balanchine connection, reaffirmed in 1985 when Helgi Tomasson left New York City Ballet to take over the company after Lew Christensen's death in 1984. The company's claim to national status was boosted by seasons at the Kennedy Center in Washington in 1990 and at the New York City Center in 1991. It recently played for a week at the New York State Theater in Lincoln Center, and the larger stage made it possible to show Tomasson's production of *Swan Lake*, dating from 1988.

The original libretto states that "the action takes place in Germany." Not so in Tomasson's version: he has set it in 18th century France, with insipid designs by Jens-Jacob Worsaae. The first act begins with a frozen tableau perhaps meant to suggest a *fête champêtre* after Watteau; the third act is in a salon decorated with paintings of the school of Boucher, behind one of which the vision of the betrayed Odette will appear. If Tchaikovsky had intended the ballet to happen in that place and time, he would no doubt have written music evocative of them.

Tomasson does not appear to have any particular point to make by relocating the ballet this way: this is not a "concept" production. Until the last act, he follows the usual sequence of numbers, more or less, except in Act II and the "Black Swan" pas de deux in Act III he has changed all the steps, to very little effect. Then in Act IV he has thrown out most of the music and interpolated Tchaikovsky's "Sérénade mélancolique" as another pas de deux for Odette and Siegfried. (What branch of the French nobility does he belong to?)

The corps de ballet, which plays such a powerful role in both the Ivanov and Ashton versions of this act, has very little to do. This is too bad, since the corps made a strong impression in the second act. In general, this is a finely schooled company that up to now has lacked a world-class ballerina. Elizabeth Loscavio, who danced Odette/Odile on opening night in New York, has shown promise of becoming one and her Odile proved that she has technique to burn; her Odette was well thought-out – too well, it looked almost calculated at times.

The dancer everyone in New York wanted to see was Tina LeBlanc, who left the Joffrey Ballet to join the San Francisco Ballet last year. On the second night of the San Francisco Ballet season she appeared in a very uncharacteristic role, the first ballerina in *Rubies*, and gave it a wit, freshness, and feminine charm it has not had since its originator, Patricia McBride.

Rubies was the only Balanchine work shown in this brief season. The rest suggested that the company, like all companies today, has a repertory problem. Tomasson's works are not terrible: not in bad taste, not grossly unmusical, just not very interesting. He has also brought in the kind of works that represent today's international style in ballet: ballets by William Forsythe, James Kudelka, Glen Tetley (the Tetley piece was not given in New York). A Mark Morris work is promised for next year, a hopeful sign, except that it is anybody's guess whether the choice arose from some conviction as to the direction the company should take, or because Morris, like Forsythe, is fashionable just now.

David Vaughan

London Concert

A deserved promotion

When it is promoted from pit to concert platform the Orchestra of Covent Garden's Royal Opera House can more than give the London orchestras a run for their money. Last year it made its South Bank debut in a concert of Richard Strauss; on Sunday it returned to London's Royal Festival Hall, again conducted by Bernard Haitink and with Felicity Lott as soloist.

Haitink first introduced the ROH Orchestra to the orchestral repertory in the series of "Garden Concerts", which took place on the ROH stage. Those programmes made a point of including new commissions from British composers, but on the South Bank so far the choice of works has been much more conservative. There was not much sense of enterprise about this latest selection of Berlioz, Ravel and Shostakovich, but the performances transformed it into a memorable occasion.

Haitink's account of the Overture to *Benvenuto Cellini* was unexpectedly rich-toned and muscular; although not especially French in timbre or rhythm it was still convincingly powerful, Berlioz as viewed from an uncluttered Beethovenian perspective. Ravel's *Shéhérazade*, though, caught all the appropriate French inflections. The refinement of the orchestra's pianissimo playing and the poise of its woodwind principals provided Lott's performance with a beautifully shaded halo. Her tone was not as radiantly full as one might have hoped, but the attention to verbal detail and the expressive nudges projected each song intelligently.

There is a refreshing lack of self-regard in the ROH Orchestra's playing; a couple of times, as in the scherzo to Shostakovich's Fifth Symphony, a band used to showing itself off might have turned on a more extravert display. Haitink's view of the symphony, in any case, does not lend itself to anything so meretricious. It continues to develop its depth and power, pivoted about remorseless unfoldings of the first movement and the Largo which made full use of the orchestra's prodigious dynamic range and plunging into the finale with heedless abandon, yet braking to a pained slowness for that final exploration of its empty rhetorical themes. This was the precise antidote to Solti's inert performance of the Fifth with the Vienna Philharmonic in the same hall earlier this year, and as disturbing as any imaginable account could be.

Andrew Clements

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Concertgebouw Tonight: Valery Gergiev conducts Orchestra and Chorus of Kirov Opera in concert performance of *Evgeny Onegin*, with Sergey Leiferkus. Thurs: Reinbert de Leeuw conducts Royal Concertgebouw Orchestra in works by Escher, Sciarrino and Dallapiccola. Sun afternoon: Budapest Concert Orchestra (24-hour information 675 4411, *ticket* reservations 671 8345)
Muziektheater Tonight, Thurs, Sun afternoon, next Tues: Graeme Jenkins conducts Tim Albery's Bregenz Festival production of Catalani's La Wally, with Janet Cessna, Barry McCauley and Jean-Philippe Lafont. Fri: Nederlands *Dans Theater. May 7:* Nikolaus Harnoncourt conducts first night of Jürgen Flimm's new production of Le nozze di Figaro (6255 455).

■ ANTWERP

Stadsshouwburg *Daily till Sun:* Frankfurt Ballet in works by William Forsythe *234 1188)*
DeSingel Tonight: Jan Caeyers conducts New Belgian Chamber Orchestra in world premiere of Luc Van Hove's Oboe Concerto (Paul Dombrecht), plus works by *Stravinsky and Beethoven.*
May 6: Boulez conducts Schoenberg and Birtwistle (234 1188)
De Vlaamse Opera Tonight: Stefan Soltesz conducts orchestral concert with soprano soloist *Luana DeVol.*
Tomorrow and Thurs: flamenco show (233 6685)

■ BRUSSELS

Palais des Beaux Arts Tonight: Julliard Quartet plays *Haydn*, Brahms and Ralph Shapey.
Tomorrow: Philippe Herreweghe conducts Ensemble Musique Oblique in Schoenberg's arrangement of Mahler's Das Lied von der Erde.
With Hans Peter *Blochwitz and* Birgit Remmert.
Thurs: Rudolf Buchbinder piano recital.
Next Mon: Thierry Félix song recital (507 8200)
Monnaie Fri: Marcello Viotti conducts first *night* of Simon Suarez's new production of Anna Bolena, designed by Ezio Frigerio and Franca Squarciapino, with cast headed by Nelly Miricioiu and Martine Dupuy.
Further performances May 2, 4, 6, *9*, 11, *13*, *15 (219 6341)*
Cirque Royal Tonight and *tomorrow:* Rudra Béjart Lausanne (219 6341)
Théâtre National Lady Will, one-woman show about Shakespeare's women characters. Text by Dominque *Serron, starring* Véronique Dumont.
Daily except Sun and Mon till May 15 (217 0303)

■ CHICAGO

Orchestra Hall Thurs, Sat, next Tues: Daniel Barenboim conducts Chicago Symphony Orchestra and Chorus in Beethoven's Missa Solemnis, with soloists including *Waltraud Meier and John Aler* (435 6666)

■ GENEVA

Comédie *Daily till Sat: Mrs Klein,* psychological *drama* by South *African-born actor* and dramatist Nicolas Wright.
French translation by François Regnault, production by Brigitte Jaques (320 5001)
Victoria Hall Tomorrow: *Ronald* Zollman conducts Belgian National Orchestra. Thurs: Andras Schiff piano recital.
Sun: Philippe Corboz conducts sacred music by Duruflé (Grand Passage 310 6611)

■ THE HAGUE

Danstheater Thurs, Sat, next Tues, Wed, Thurs: Nederlands Dans Theater mixed bill, *including new* work by Hans van Manen.
Fri: new choreographies by Christopher Bruce and Martha Clarke (360 4930)
Dr Anton Philipszaal Fri evening, Sun afternoon: Franz Welser-Möst *conducts Hague Philharmonic* Orchestra.Symphonies by Mozart *and Schumann, with Ronald* Brautigam playing Chopin's Second Piano Concerto on Fri.
Dohnanyi's Variations on a Nursery Song on Sun (360 9810)

■ ROTTERDAM

De Doelen Tonight: Ensemble Scaramouche plays works by Vivaldi, Frescobaldi, Corelli and others. Tomorrow lunchtime: free concert by Rotterdam Philharmonic *Orchestra conducted by Jeffrey* Tate. Sat: Tchaikovsky Conservatory Orchestra. Sun afternoon: Tate conducts Rotterdam Philharmonic in works by Delius, Falla, Poulenc *and Gershwin, with piano soloist* Artur Pizarro (413 2490)

■ UTRECHT

Vredenburg Tonight: Philippe *Entremont is conductor and piano* soloist with Netherlands Chamber Orchestra. Tomorrow: Valery Gergiev conducts Kirov Opera concert performance of Boris Godunov. Thurs: Ivo Pogorelich piano recital. Fri: Tchikovsky Conservatorium *Orchestra* and Kiev Chorus. Sat: Jean Fournet conducts Radio Philharmonic Orchestra in works by Boieldieu, Saint-Saens and Roussel, with piano soloist Pascal *Rogé. Sun: Academy of St Martin in* the Fields (314544)
Stadsschouwburg Tomorrow, Thurs: Peter Wright's Dutch National Ballet production of Giselle (310241)

■ VIENNA

OPERA Staatsoper Tonight: Andrea Chenier with Bruno Beccaria, Renato Bruson and Maria Guleghina. Thurs: Il barbiere di Siviglia. Fri: Der fliegende Holländer with Franz Grundheber and Julia Varady. Sat: Fidelio. Sun: Tosca (51444 2955)
Musikverein *Tonight: Vienna String* Quartet plays works by Mozart, Berg and Brahms. Tomorrow: Dmitri Bashkirov piano recital. Thurs: Vienna Sinfonietta plays works by Fux, Beethoven and Grieg. Fri: Stuart Bedford conducts Austrian Radio Symphony Orchestra in Dvorak, Erod and Elgar. Sun afternoon, Mon evening: Isaac Karabtchevsky conducts Tonkünstler Orchestra and Chorus in sacred *music by Bruckner. Sun evening:* Alfredo Kraus song recital (505 8190)
Konzerthaus Tonight: Erwin Ortner conducts a concert performance of Frank Martin's opera Le Vin Herbé. Tomorrow and Thurs: Eliahu *Inbal conducts* Vienna Symphony Orchestra in works by Beethoven and Shostakovich, with piano soloist Till Fellner. Thurs (Mozart Saal): Bruno Leonardo Gelber piano recital. (712 1211)

■ WASHINGTON

KENNEDY CENTER The award-winning musical Guys and *Dolls daily except Mon in the* **Opera House.** Yuri Temirkanov begins two weeks of concerts with the National Symphony Orchestra on Thurs with a programme including Tchaikovsky's First Symphony and Stravinsky's Firebird (repeated Fri, *Sat and next Tues). Sat at 17.00:* Seiji Ozawa conducts Boston Symphony Orchestra in symphonies by Bernstein and Beethoven. Sun afternoon: Stephen Simon conducts Washington Chamber Symphony in a Tchaikovsky programme. Next Mon: Leif Segerstam conducts Danish Radio Symphony Orchestra, *with pianist Bella Davidovich* (202-467 4600)
THEATRE
● Oleanna: David Mamet's drama. Till May 30 (Eisenhower Theater 202-467 4600)
● Our Country's Good: Timberlake Wertenbaker's award-winning play about jailers and inmates of an isolated Australian prison camp who produce a play and create a civilisation. Till May 22 (Signature *Theater 703-685 4331)*
JAZZ/CABARET
Barns of Wolf Trap Tomorrow: Koko Taylor and her Blues Machine. Thurs: Lyle Mays Quartet, jazz fusion. Fri: Tommy Makem, traditional Irish music. Sat: Bill Kirchen and Too Much Fun, honky-tonk, R&B and rockabilly (1624 Trap Road, Vienna, Virginia, 703-255 1916)

■ ZURICH

Opernhaus Tomorrow: final performance this season of Gianfranco de Bosio's production of Massenet's Herodiade.
Thurs: ballet mixed bill, with works by Nijinski, Arthur Saint-Leon, Bernd Bienert and Jorma Uotinen. Fri and Sat: Ponnelle production of Die Zauberflöte, with Francisco Araiza. Sun: Ruth Berghaus' production of Elektra. Mon: Josef Protschka *song recital. May 8: Don Carlo* (262 0909)
Tonhalle Tomorrow and Thurs: Jia Lü conducts Tonhalle Orchestra with violin soloist Shira Rabin. (206 3434)

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Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times *Reports* 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: *Financial* Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: *Financial Times* Reports 1330; 2030

Arts Guide
Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandanavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: *Exhibitions Guide.*

All change, or fall down

The new TUC boss faces twin tasks, writes David Goodhart

Mr Norman Willis, who yesterday announced his early retirement as general-secretary of the Trades Union Congress, has been called many things during his nine years at the top of British trade unionism; "a hard act to follow" is not one of them.

But for Mr John Monks, Mr Willis's little-known deputy and likely successor, the benefit of favourable comparison with his often ineffectual predecessor will provide only temporary relief in the uphill struggles ahead.

He has two main tasks: to redefine the role of the TUC in relation to government and to its affiliated unions, and to convince an increasingly sceptical world that unions are still of benefit to their members and to the economy as a whole.

Since 1984, when Mr Willis took the helm, union membership in the UK has fallen by more than 25 per cent to 7.7m. The authority of the TUC has been diminished both by hostile Conservative governments and the rise of "super-unions" formed, or to be formed, by mergers between the big craft, general and public service unions.

Mr Monks, an unassuming but able 47-year-old Mancunian, is aware that Mr Willis is not to blame for those unfavourable trends and that he is likely to remain a manager of a declining industrial force. But there are few officials, either in the TUC or in outside unions, who doubt that he will do a better job than Mr Willis.

Although Mr Willis can be fluent and witty in private he seems plodding and sometimes confusing on television and radio. Critics charge that coming from the ranks of the Britain's biggest blue-collar union, the TGWU general union, he failed to modernise the movement's cloth-cap image.

However, Mr Willis has been head of the TUC during one of its most difficult periods, and at times, during the 1984-85 miners strike, for example, he has shown considerable courage. But he has failed to rethink the role of the TUC and his internal management style has been widely criticised as inept.

Mr Monks, on the other hand, is widely praised as an excellent manager both within the TUC and in the handling of disputes between unions. The former student of economic history at Nottingham University also better represents both the new "classless" meritocracy within the unions, and the new, predominantly white-collar, trade union members, most of whom now have at least one A level.

"He has a good feel for how the average Lancashire textile worker thinks, but is also a moderniser who knows how the unions need to reposition themselves," says one senior trade union official. He certainly understands the value that the trade union movement places on loyalty and has been properly applauded over the past few years for abstaining from the whispering campaign by some union leaders against Mr Willis, great though the temptation might have been.

Mr Monks will have to prove that he can deliver the sharper focus for the TUC that has been much talked about since the Labour party's election defeat last year but little acted upon. The TUC must become a service centre for its affiliates, concentrating on key areas where it can best add value – Europe, health and safety, labour law, pensions and education. It must also become a more effective lobbyist of government, rather than the labour movement's civil service, producing documents on all public policy issues which are usually ignored.

Mr Monks believes strongly in this new role. One colleague who has attended meetings between Mr Monks and Conservative MPs, as part of the TUC's new-style lobbying on the current employment bill, says: "He is a good performer in meetings with Tory MPs. He's got credibility and a certain establishment feel about him, and he's got no hang-ups about doing it."

But while he might be able to deliver on internal reforms, especially as there is now a wide consensus in favour, it is less clear that he can succeed in the broader role of selling the unions. Mr Monks is an uncharismatic TUC bureaucrat who sometimes appears rather worn down by his six years as deputy. He can seem cautious about new ideas, such as enlisting the unions in the attempt to reach a better trade-off between pay and jobs, for example, or pushing harder in the direction of positive rights for all employees rather than just union members.

He is also unlikely to become a great media performer, which is why some TUC insiders believe his deputy should be a more appealing and fluent outsider such as Mr Jack Dromey, of the TGWU, or Ms Brenda Dean the former print union leader, instead of Mr Brendan Barber the in-house candidate.

With or without such an aide the best hope for the TUC is that Mr Monks can grow in the job. He is certainly a thoughtful and open man with none of the strutting rhetoric sometimes associated with union bosses. He believes strongly in Europe – he has a Dutch wife, Francine – and is politically pragmatic, urging his colleagues to show more flexibility and substance when arguing the union case.

In the age of the super-union it may, in any case, be more appropriate to have a thoughtful manager at the head of the TUC rather than an authoritarian leader trying to stamp his authority on everyone. As Mr Monks himself points out, the conglomerate unions are here to stay, mirroring the development of British industry.

The unions have had little to celebrate in recent years, and even failed to turn popular discontent over pit closures to their advantage. The employment bill before parliament will hit them hard, especially the proposal to make it more difficult for unions to have dues automatically deducted by employers. In his typically pragmatic vein, Mr Monks likes to point out that ending automatic "check-off" will hit employers too, because they usually hold the money for unions on deposit for a few weeks before handing it over.

Despite the battering the unions have taken Mr Monks also likes to point to the fact that more than 50 per cent of the workforce is still covered by collective bargaining and that almost all of Britain's top exporters, such as ICI and British Aerospace, are highly unionised companies.

Unions, he believes, should signify efficiency, productivity and profitability as well as decent treatment of employees. He will make that point to government and employers more eloquently than his predecessor. Whether he can halt the long-term slide in TUC influence must remain in doubt.

Parting of ways: Norman Willis and John Monks, his likely successor as TUC general-secretary

Joe Rogaly

Major reaches dry land

The agenda for Thursday's cabinet meeting is tame. It contains proposals for new laws that might be introduced in the 1993-94 parliament. We can consider some of these in a moment. First note that the very nature of the forthcoming deliberations must be a relief to the prime minister. A mundane list of familiar ideas for new legislation is what he needs right now. It speaks of continuity, business as usual – better yet plain, ordinary, in-charge, day-to-day government.

Combine it with last week's defeat of the Maastricht rebels, this week's announcement of the end of the recession, and a smart new line in speechwriting and you have the makings of a possible reconstruction of Mr John Major. I have always assumed that Humpty Dumpty can be put together again, although the cracks will show forever.

The regluing *could* be interrupted. Fate might reassert itself. Issues of immediate urgency could arise. It is, however, possible to anticipate some of these and see how they might quickly be disposed of. An announcement by President Clinton of US policy in Bosnia? Easy. It was decided last week that Washington's lead will be followed by the British government. Salt and pepper has already been ground over the foreign secretary's past words, the better to prepare them for when they may have to be eaten. In any case, this is a government that feasts on its own pronouncements.

Further news of the proposed *boycott of tests by the teachers*? Routine. There is no solution. Parents want simple pencil-and-paper tests. Teachers want complicated tests that they can control. The government just wants tests. It cannot please parents without alienating teachers, and vice-versa. It cannot cave in. It will therefore pretend that the tests go ahead, while in fact they do not. Then tests become next year's problem.

Some of this week's lesser decisions will affect later ones. To take a single example, the lottery bill, which returns to the Commons tomorrow, provides for a wide range of outlets to sell tickets. This includes small shops, notably those that act as post office sub-branches. The latter depend on the revenue from both postal business and the handling of social security payments. They will need to earn money as agents for the lottery if they are to survive the eventual (but currently postponed) privatisation of the post. The government has not yet decided whether pubs will be permitted to sell lottery tickets; if they are, the village post office/shop will face what could be killer competition. This might happen at around the time voters *are lying to pollsters again* by telling them that they rather like the *Labour* party. This is not a picayune question. Tory constituencies may be at stake.

The government is not 'good' just because it has climbed out of a swamp and looks less like sliding back in

It will be seen from all the above that Mr Major is lightening up. The long torture that began with the evaporation of his authority on Black Wednesday may have come to an end. The life or death of his political career no longer hangs upon every move he makes. The *prime minister can begin* to exert himself at what he does best: normal administration, with a little forward planning thrown in. The long term is no longer next week; the *medium* term further ahead than tomorrow morning. Meetings on the outlook for the forthcoming year or so have been held with most of his senior colleagues, and a package for this autumn's parliament is being prepared.

The first draft should be discussed at Thursday's cabinet. It is regarded as particularly important, since 1993-94 is the *session in which most* of the heavy stuff must be ploughed through if it is to be in place and working well before the next election. So far I have taken it that that will come in 1996, four years after the last one. Nothing anyone connected with the government has said to me suggests otherwise. But Mr Major's majority is only 21. A few Tory by-election losses, plus a resurgence of inflation in late 1994, could make a 1995 election seem suddenly attractive. The fact that the opposition is working to a 1996 timetable would add to the attraction of 1995. Mr Major may not have thought of this yet. He will.

Meanwhile he must consider Thursday's agenda. Two broad themes govern the list of probable legislation: law and order, and deregulation/privatisation. A third will create itself if the review of long-term public spending produces any ideas that the government can nerve itself to implement. Thus Mr Kenneth Clarke will get his police re-organisation, and Lord Mackay his new controls over magistrates' courts. The *Criminal Justice Act*, the subject of a skilful rubbishing campaign by both the higher and the lower reaches of the judiciary, will be amended. This will be ever so slightly embarrassing, since *the ink on* the existing legislation is not yet quite dry. Better a few blushes now than red faces on polling day as juvenile persistent offenders get away free and Labour wins points as the party of law and order.

The privatisation/deregulation programme contains well-known items: railways, coal, London buses, municipal airports if they do not beat the government to it by privatising themselves; a bundle of regulations originating in Brussels that Mr Michael Heseltine sniffs out as unnecessary; licensing laws (particularly affecting public bars); and Sunday trading. The latter will probably be presented to the House as a list of options upon which members will be given a free vote.

The key question asked *about each one of* these proposals is: will it get through? Outlines of bills disappear into the chief whip's office for "soundings" and stay there longer than was necessary when the government had a dependable, and excessively large, majority. This may be one reason why Mr Major seems to be funking the equalisation of the pensions age at 65 and why we have to *see* him cut long-term public spending before we believe that he will do it.

In short, there is no call to re-evaluate this administration as excellent, or even good, just because it has climbed out of a swamp and looks less like sliding back in than it did a few months ago. Its fortunes may have changed for the better, but its quality remains the same. It is persistent, workaday, a convincing extension of the civil service in general and the Treasury in particular. It contains many bits of glass, and a few pearls, but no string *to draw them together*. It is the government we deserve.

LETTERS TO THE EDITOR

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Japan must face up to its Gatt obligations on low-alcohol tax

From Mr Ronald Brown and Mr Tim Jackson.

Sir, We refer to Mr Kojiro Shiojiri's letter "No contravention of Gatt rules by Japan's low-alcohol tax" (April 20), which does less than justice to the position held by the European Commission and the industry.

The EC disappointment with the new tax structure is two-fold. First, as Mr Shiojiri says, EC regulation 1576/89 prohibits European whisky distillers from producing and selling whisky less than 40 degrees proof. The new tax is thus discriminatory in its effect on European producers, including the French who cannot produce and sell whiskies below this strength – one recent attempt to circumvent the legislation, to which Mr Shiojiri is possibly referring, failed last year in a Paris court.

Second, European producers feel the Japanese government has not taken advantage of an opportunity for implementation of full liquor tax harmonisation as provided for in the 1987 Gatt council ruling. The latter was accepted by Japan and partially implemented in 1989, and full compliance was again formally requested last year by the Commission. The key finding was that Shochu (accounting for about 65 per cent of Japan's distilled spirits market) is competitive with all distilled liquor (including whisky, brandy and vodka), and should be taxed similarly so as not to afford protection to domestic production.

It appears that, in printing, Mr Shiojiri's figures have become confused: Shochu Koh is taxed at Y83.1 per litre and Shochu Otsu at Y48 per litre (each on the basis of 20 degrees alcoholic strength). This compares with Y978.29 per litre for 40 per cent proof whisky and brandy, and Y331.4 per litre for all spirits such as vodka and gin. Even allowing for the differences in alcoholic strength, the ratios are therefore between 5:1 and 10:1 for Shochu and whisky/brandy, and slightly less for other spirits.

It is also worth noting that duty levels on whisky entering Japan are six times those of whisky entering the UK, and 10 times those of whisky entering the US.

The recent new tax on diluted whisky seems a partial admission of the need for a more level playing field. But, by leaving European distillers in the cold, it raises yet again the question of why Japan continues to protect the ailing domestic spirits industry at a time when its trade surplus continues to soar.

Miss Nakamoto's article in the FT on April 21 illustrates EC pessimism on this point, and in particular the Commission's unhappiness with Japan's discriminatory liquor taxes. It seems the appropriate time for the ministry of foreign affairs and the Japanese government to face up to their international Gatt obligations.

Ronald Brown,
chairman,
European Business Council
Liquor Committee,
Tokyo, Japan
Tim Jackson,
president,
EC Association of Spirit
Producers, Brussels

Red tape will be cut from waste laws

From Mr David Maclean MP.

Sir, I have a lot of sympathy with the letter that you published (April 21) from David Brown of the Federation of Small Businesses about the burden of waste law on business. I am personally dedicated to cutting red tape on business. Any new regulation on the environment that reaches my desk has to justify itself. We *are also launching a deregulatory* review of existing controls, including those on waste.

The particular target in Mr Brown's letter is the definition of waste. Whether or not anyone thinks it a sensible one, I have to point out that it is not new – a definition of identical effect has been in force since 1976. The courts ruled several years ago that waste can still be waste even if it has value. The definition of waste in European Community law makes the same point, so for the present it is an established fact we have to live with.

What we do not have to live with is a system of controls on waste that is bureaucratic nonsense. Something may be waste, but that is no reason why what happens to it should be regulated any more than is *needed to protect* the *environment*. Differing kinds of waste in different quantities can produce different effects – including the pollution of aquifers and the generation of methane gas. But some of the examples mentioned by Mr Brown – such as a shopkeeper giving a cardboard box to a customer – there is no earthly reason to regulate. That is why the government's proposals for new waste licensing regulations, to come into force later this year, contain a greatly increased number of exemptions for such obviously innocent activities.

In other cases we have to strike a balance. Mr Brown's example of the farmer who wants some hardcore is a good one. Anyone who opens a site where he dumps large heaps of waste forever should be *licensed. He should* be able to accept demolition hardcore for making up tracks or hard-standing without a licence, and we shall make sure he can.

Keeping business costs down is crucial, but so is protecting the environment appropriately.

David Maclean,
minister for the environment,
and countryside,
2 Marsham Street,
London SW1P 3EB

Nigerian debt proposal 'too optimistic'

From Mr Ivan Nutbrown.

Sir, Paul Adams and Michael Holman's suggestion (April 23) that Nigeria could receive debt relief of 60 per cent on its debts through a Trinidad terms deal is more than a little optimistic for two reasons.

First, because Trinidad deals only cover government-to-government debt, which, at $14.7bn, forms only half of Nigeria's debt. Second, because the amount of debt written off for the first 15 countries to receive Trinidad terms relief represents just 3 per cent of their total outstanding debts.

They must wait for a review three years hence for any prospect of the debt relief they so badly need. Little wonder that the World Bank, in its World Debt Tables 1992-1993, itself concluded that "in several severely indebted low income countries, debt burdens remain at unsustainably high levels, even after the application of the Trinidad terms."

There is the broader question that without assistance now, which the World Bank and IMF have so far refused to give, there cannot be a successful transfer of power to a civilian government later this year.

Ivan Nutbrown,
information officer,
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Mayor of St Petersburg a 'tireless' campaigner

From Mr Robert Davies.

Sir, Commenting on the mood of St Petersburg citizens ("Referendum fails to inspire St Petersburg", April 24) and the reputation of the city leadership, your reporter commented that, on the eve of the referendum, mayor Anatoly Sobchak was "enjoying himself in London at the annual meeting of the EBRD".

We hope that Mr Sobchak enjoyed his one-and-a-half hectic days in London. But I can say that, in almost six hours which Mr Sobchak spent in our company (in several private sessions with more than 40 international business and other leaders), he was tireless in putting the case for helping his city and engaging in partnership projects. These included youth enterprise and training, building rehabilitation and assisting the city's unique yet impoverished cultural institutions and hospitals.

Those who met him were left in no doubt as to his boldness and commitment in leading St Petersburg through the unprecedented social and economic challenges it faces.

Robert Davies,
chief executive,
The Prince of Wales
Business Leaders Forum

Think ahead on terrorism

From Mr Colin Appleby.

Sir, Within a year we have seen bombings in London, Manchester, Warrington and, now, lightning has struck twice in the City of London.

Just like last time, the atrocity has caught a number of concerns with their organisational pants down. The various disaster recovery and business continuity services should be well known by now, yet a great many companies are still failing to prepare adequate contingency plans. Businesses must learn that disasters do happen and that terrorism represents only the most visible of risks.

I suspect that, even with the latest tragedy still filling our television screens, there are still companies prepared to risk their corporate existence rather than invest a fraction of turnover in business continuity planning.

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FINANCIAL TIMES

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Bosnia: no easy options

The outrage provoked by atrocities against the Moslem population of Bosnia has brought worldwide calls for international military intervention. Democratic governments must take account of public opinion, but they must also avoid letting moral outrage outweigh their judgment of what is in the national and international interest. It remains the case that the west has no solution to this Balkan conflagration.

The easy part is to define a moral position. It is not acceptable that one legally established state should seize the territory of another, although there are grey areas in the complexities of post-Yugoslavian politics. It is absolutely unacceptable that people be driven from their homes or massacred by a state in pursuit of such expansion. For the west to have stood aside, as some advocated, would have morally diminished it, while running the incalculable political risk of apparently sanctioning such behaviour elsewhere.

Perhaps there was a moment, early in the conflict, when western military action would have made a decisive difference, but few were prepared to argue so at the time; President Bush and Mr Boutros Boutros Ghali both thought it was a problem for the EC to deal with. The EC made many mistakes.

Single strategy

Essentially, though, the west has pursued a single strategy: to intervene in a humanitarian way and to apply pressure through negotiations. The aid measures have been hesitant, but cumulative. Their success has been greater than many forecast. Negotiations, most recently for the Vance-Owen plan, have been frustrating and sometimes subverted by differences among the western allies which have simultaneously generated hope of intervention among the Moslems and confidence among Serbs and Croats that nothing effective would emerge from the UN.

Against this background, the international community has clung to its objectives: to lay the foundations for a permanent settlement and to maintain the unity of the western alliance and the post-cold war consensus within the UN. It is not clear how the military options under consideration will support these objectives.

All governments have ruled out the massive despatch of ground troops, for the good reason that this could lead to a Vietnam-type involvement, eventually intolerable to public opinion. A selective lifting of the UN arms embargo for the Moslems appeals to those who want to do more without becoming directly involved. Such a step would, however, prolong the conflict and could well require the suspension of the aid effort, as fighting intensified. The UN's position would then be untenable, weakening its influence in the Balkans and beyond. The third option – selective air strikes – also has serious flaws, given the mountain terrain, where arms can easily be concealed. Sooner or later, today's frustrations would be resumed, unless air raids were followed by the use of ground troops.

Safe havens

With the Vance-Owen peace plan in ruins, where does that leave the international community? A tougher regime of international sanctions, which takes effect today, does not feel like a sufficient response, yet the west would do well to learn from its mistakes. The most persistent of these has been its own lack of unity, something which the Clinton administration needs to bear powerfully in mind as it prepares to launch its policy initiative. Military gestures designed to improve the rating of American and European politicians with their domestic electorates should be avoided.

Instead, the west should continue to build upon the two strands of action which have proved sustainable and, at least to a degree, effective. Economic sanctions should be intensified, and extended to Croatia, which has been shown again in recent days to be complicit in redrawing the map of the region by force. UN forces should meanwhile continue to focus upon channeling essential supplies, while their political masters urgently define a wider policy of safe havens behind lines which UN forces may well have to defend. Western airmen and soldiers may yet join this Balkan war. They should not do so until the political aims of their so doing have been defined.

Moving on at the TUC

THE resignation of Mr Norman Willis as general secretary of the Trades Union Congress offers an opportunity for renewal in the UK's trade union movement. Mr Willis's likely successor is Mr John Monks, a younger, sharper man who is more capable of thinking strategically about the future of the TUC. However, it will take more than a change at the top if Britain's trade union centre is to re-establish itself as an important organisation in national life.

The most important challenge for the new general secretary will be to restore the fortunes of the TUC after a period of steep decline. From 12m affiliated members in 1979, the TUC now has around 7.7m members today. More than members, it has lost its place in the corridors of power, no longer wielding great authority as an estate of the realm.

Yet like the unemployed person who daily leaves home for work that no longer exists, the TUC still behaves as if it remained a power in the land. Staffing levels have only recently been cut below 1979 levels. The annual seaside conference continues to instruct the nation on every aspect of policy from vibration white finger to international relations. Congress House generates endless paper for a myriad of committees which attempt to shadow Whitehall.

Further weakening

Until the mid-1980s, it might just have been possible for the TUC to revert to its previous role – had a government prepared to return to the corporatism of the 1970s been elected. No such government materialised. And all the while, the growth of a few large superunions has undermined the need for a trade union centre which acts as the general command of labour. Unions such as the mighty TGWU general union, the AEEU craft union and the newly-formed Unison public-sector union are capable of providing their own research, negotiation and support services. They have little need for a TUC which soaks up £1 a year for every affiliated member.

A further weakening of the centre's role will come when the new trade union bill reaches the statute book. The TUC will no longer be able to operate the Bridlington Agreement, which stops its affiliates from competing for members. For many smaller unions, affiliation to the TUC was partly justified by the protection it gave against poaching. Without Bridlington, competition for members may further fracture union unity.

The challenge for the TUC is to find a new niche, in which it offers indispensable services which no individual union can hope to provide. This includes the collection of data from its members, in much the same way that the CBI, the employers' body, has become a unique source of figures on business confidence. The growing importance of European Community law in the workplace makes the recent opening of the TUC's Brussels office overdue.

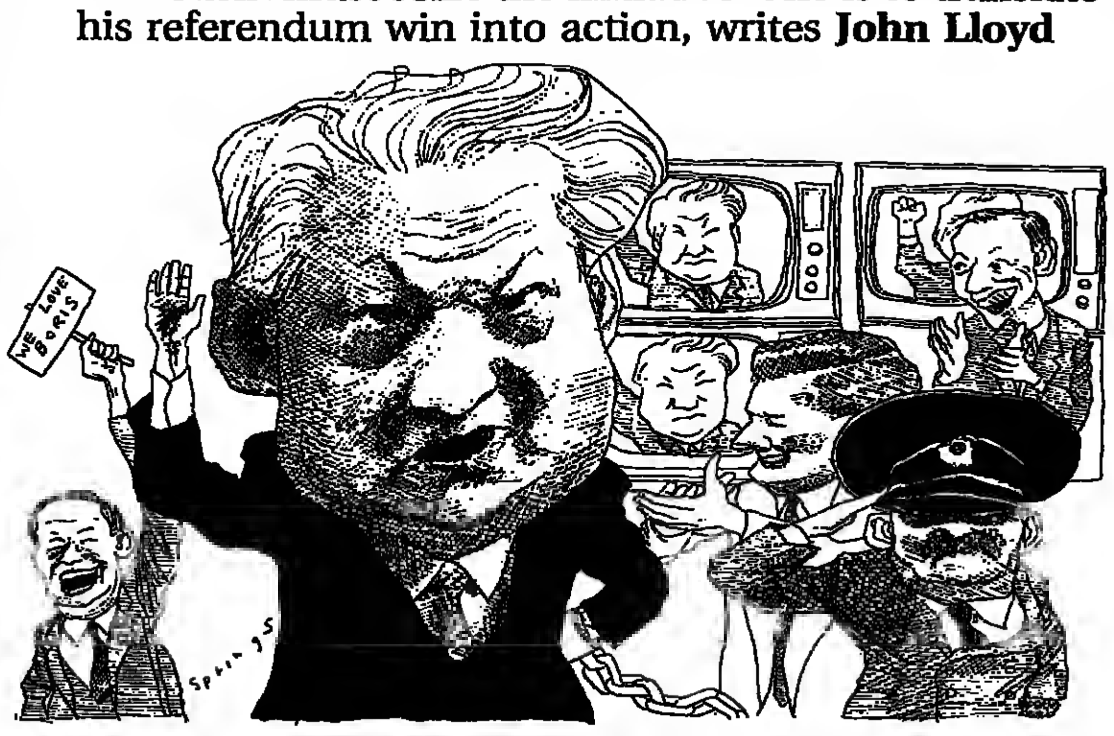
Coherent strategy

The TUC should also be the think-tank which throws out new ideas on the issues facing people at work and outside the labour market. It is hard to think of much that Congress House has contributed to the debate over labour market reform to cut unemployment, for example, that stands comparison with the effusion of ideas which has flowed from the tiny Employment Institute with a fraction of the TUC's resources. Nor has the TUC found it possible to open a dialogue with employers on the possible trade-off between pay rises and extra jobs, an issue on which rank and file trade unionists in places such as Sheffield have taken bold initiatives.

At the heart of TUC's difficulties, however, is the absence of a coherent strategy for the union movement in a post-collective bargaining era. There is certainly a role for unions in such circumstances, as is seen in the success of those unions which provide high-quality services to individual members. And unions are uniquely well-placed to voice the concerns of people at work in national discussions on workplace matters such as health and safety, employment law and pensions. If the TUC did not exist, a government might have to create a surrogate to represent such interests in the future. The challenge for Mr Willis's successor is to encourage the TUC to fill these needs, and to sweep away the delusions of grandeur based on its past.

The time for talk is over

Boris Yeltsin must seize the initiative if he is to translate his referendum win into action, writes John Lloyd



As the referendum returns are announced across Russia, it is clear that President Boris Yeltsin has carved out some space for action – but no more than that.

To win e vote of trust and of support for his economic and social programme from a turnout of more than 60 per cent is not bad in any democratic state. Yeltsin's opponents, such as General Alexander Rutskoi, the vice-president, who argued yesterday that the president's policies were "based on a minority", are prisoners of a prevalent Soviet ettitude which sees anything less than formal unanimity as a defeat.

Was the victory fairly won? Not by western standards. The television end radio were overwhelmingly biased towards the president and his camp. Though opponents were heard, it was via "sound bites" on news programmes. Yeltsin, benefiting from the covert advice of Saatchi and Saatchi and Gallup, was presented as both strong and lovable, a Russian *muzhik* who was also a statesman.

In his confidential report on how Yeltsin was perceived, Mr Gordon Heald, Gallup's managing director, wrote that "time and again, [people] stressed his *muzhestvennost*, or his manly qualities.... He was seen to be strong, brave, frank, straightforward and, most important, resolute.... We believe this should be very much emphasised in the campaign..." It was. The most popular poster had the slogan: "A strong president for a strong Russia". On the TV talk shows, it was Yeltsin's people who tended to be over-represented, Yeltsin's tours and speeches which were highlighted.

The reason is not just that the top management of the two national channels, Central and Russian TV, are political appointees of the president. It is also that most producers and news presenters are – like the media anywhere usually is – liberal, and have not yet developed an objective and balanced style. Many see the problem clearly enough, but regard their duty as confirming democratic and market change through Yeltsin'e leadership rather than as upholding abstract standards of fairness. Thus when Mr Nikolai Pavlov, a leeder of the nationalist-communist Netional Salvation Front, said yesterday that "the subservient mass media will start a hysterical cry about massive support for the president", he had part of a point.

Nobody, however, is going to pursue that with much vigour. The question now is: what is to be done? In this area, the initiative is very much Yeltsin's.

He has been clear about what he intends to do. He usually is. He was clear on March 20 that he intended to introduce presidential rule; it was instead bartered away within the Congress of People's Deputies for Sunday's referendum. Some observers believe Yeltsin's proclivity for compromise will again reassert itself. However, most – and this seems to include most Russians – expect his courage to assert itself, and for him to push through some hard decisions.

In his eve-of-referendum speech, Yeltsin said his first priority would be to usher in e new constitution, the main principles of which have already been published. It comprises a "strong" presidential republic in which the president is both head of state and chief executive, with the rights of appointment and dismissal of all key officials – only some of which would need parliamentary approval. The parliament itself would be changed from the present Soviet structure of Congress and Supreme Soviet to a bicameral body, with an upper Council of the Federation elected from the republics and regions, and a lower State Duma of Deputies elected on an equal territorial basis across Russia.

Yeltsin must get this through the existing Congress – and cannot. He must therefore find some way – either by decree, and/or by agreeing it with the heads of the republics and regions – of putting the constitution in place while observing (as he said in his pre-poll speech) the "principles of constitutionality", if not the details of the constitution itself. This is the key battleground. His opponents have the advantage of being able to lean on the constitution to stop him. He has the drawback of having to act unlawfully.

To get the support of the regional and republican leaders for the constitutional and economic changes he proposes, Yeltsin must give them something – probably in the form of a new federal treaty which would allow the regions to enjoy a different relationship with the centre. In effect, each one would make a separate treaty with the central government, producing more of a confederation than a federation. This would probably lead to endless trouble in the future, but it is likely to be the price he must pay.

Finally, he has said he will act decisively on the economy, proposing decrees on limiting credit, on providing a legal basis for private property and on "safeguarding Russia's interests" in relations with the other former Soviet republics in the Commonwealth of Independent States. All of this will provoke the opposition of parliament, which he must override if he is to prevail. It is this action which will determine whether Russia can et last capitalise on the reforms of the past 15 months by constructing the skeleton of a financial, monetary and fiscal system robust enough to allow the development of a real private sector, and convincing enough to allow the west to shell out the billions it has promised.

A broad economic strategy is ready – though the government is now less united than it was last year, and the reformers more boxed in by the so-called "industrialists", such as Mr Victor Chernomyrdin, the prime minister. The plan would bring real pain in some areas, especially for the enterprises, which have escaped relatively lightly until now, but it carries the possibility of making 1993 the year in which reform was consolidated.

The battle against inflation is at the core of the strategy. Inflation has eased to about 15 per cent a month, but it is far from under control. It continues to wipe out savings, deprive enterprises of the ability to plan, keep foreign investment at bay and render the dollar a more attractive store of value than the rouble. To this end, the growth in central bank credits – seen as the basic engine of inflation – will be scaled back to 30 per cent in the current quarter, and to 15 per cent in the next two, from a high of about 70 per cent in the past year.

This would mean figures which will hurt those, including the government, which have been anaesthetised to the financial crisis by cheap credits. The advances made by the central bank to cover the budget deficit will be cut to about Rb1,300bn this quarter, and cut further in the next two. Credits to the former Soviet states – some almost completely dependent on them – will be pulled back to about Rb200bn this quarter, and to Rb150bn each in the next two. Enterprises, including agriculture, will get a total of Rb1,500bn this quarter, less in the next two.

These figures spell, respectively, harsh cuts in government spending; the possible collapse of state budgets in the neighbouring republics; and bankruptcies and unemployment in industries. It would be very difficult to retain political and social stability if they are implemented; but it would be very difficult to control inflation and benefit from international assistance if they are not.

In this scenario, foreign assistance on the $44bn scale proposed by leaders of the Group of Seven industrial nations in Tokyo earlier this month is essential. It would fund enterprises, the privatisation process and above all social security and unemployment benefit with dollars. Since the dollars would be used by the government to buy existing roubles, there would be no inflationary effect. Thus the strategy depends crucially on G7 commitment and approval – bringing the west into the reform process in a more committed and interventionist way than before.

This is a challenging programme indeed. It is another big chapter in the Russian revolution which rattles on. Yeltsin did not run an impressive campaign, yet the active majority of his fellow countrymen and women felt that they could trust him and that they wanted him to carry on with his reforms. They did not feel the need to see other candidates for the presidency, but they do want a different parliament. This does not give Yeltsin the legal right to press ahead, but it gives him a popular base, for a time.

No way to run a health service

PERSONAL VIEW

It is accepted by most outsiders and even acknowledged by a few honest insiders that Whitehall's greatest skill is in stopping things happening – not in the sense of bringing things to e halt but preventing them from being as good as they might have been.

Nowhere is this illustrated more strikingly than in the development of the National Health Service since Kenneth Clarke, then the health secretary, introduced his reform package in April 1991. It released a wave of expectation and energy among progressive general managers of the service and even caught the imagination of some doctors and nurses. But the sad truth is that disillusionment has now set in.

The reforms introduced the idea of survival through performance. A market would be created in which the purchasers were separated from the providers of healthcare. Hospitals providing an effective service would thrive and would attract more business; those which performed less well would be at risk.

Purchasing power was to be the order of the day, but this was to be balanced by giving local management wide-ranging freedoms from central control. This left management's survival in the new market to be determined by its own efforts. No longer were managers to be strangled in e web of central bureaucracy. So much for the theory. In practice, matters are turning out very differently.

To take the health market first. There are deep divisions at political and senior management levels about how the market should be allowed to develop. Some believe in encouraging a free market which should be regulated only when it seems that the provision of essential services to particular communities might be squeezed out by competitive pressures. Others believe that the market should be managed in a way which ensures that the consequences of market pressures are almost entirely evoided by, for example, the retention of large contingency funds for use wherever providers run into difficulties. This "back pocket" approach, which is the one being pursued at present, undermines the belief that providers in the new NHS have to stand on their own feet.

If the health market is simply adrift, the approach to making the best use of staff is in disarray.

The reforms offered an opportunity to break free of the centralised pay and personnel dictates imposed by the review bodies and Whitley councils. This could have happened by the trusts themselves taking the initiative, or they could have been made to take it by the central abolition of the pay bodies.

If the health market is simply adrift, the NHS's approach to making the best use of staff is in disarray

Neither has happened. Trusts have not, with e very few exceptions, created new employment packages for their staffs and ministers have not been prepared to withstand the fuss which the unions and staff associations would undoubtedly have made if the pay bodies had been disbanded by central *diktat*. The NHS should not now complain if it finds its freedom of manoeuvre over pay and personnel matters to be increasingly limited over the next few years.

In one area of staffing, however, unstoppable forces have been released. In simple terms, managers are beginning to insist that staff concentrate on what they are trained to do. They are increasingly reluctant to pay staff to do work which others could do just as well and at less cost. This is called skill-mixing – redressing the balance between professionally qualified and support staff in favour of the latter. Some bolder spirits are even beginning to encourage staff to acquire additional skills. This will lead to fewer multi-skilled staff doing the work which more people with narrower skills do at present.

The tragedy is that these moves are being frowned upon by ministers because of the anxieties they are creating among the professions, with whom ministers do not wish to quarrel.

I fear for the NHS reforms. In their first year, which coincided with the run-up to the general election, the NHS was shamelessly used as a political football. No risks were allowed either with the operation of the market or the exercise of new flexibilities. Manegers, eager to prove themselves, were never able to do so. Central euthority was strictly upheld. At the end of the second year, however, the same dreary pattern continues with managerial flexibility still being sacrificed to political expediency.

Health ministers are not dismantling the central bureaucracy in the way the supporters of the reforms were promised. At the same time they appear to be doing their utmost to squeeze out of the system examples of local initiatives which seem best designed to produce increased efficiency. This is no way to run e railway.

Eric Caines

The author is former personnel director of the NHS

OBSERVER

Bird of prey winged

■ The fate of the consortium bank might aptly be linked to that of the oofus oofus bird, fabled of course for flying in ever decreasing circles – and then disappearing.

Fashionable 20 years ago, the idea of banks of assorted nationality getting together to do international business they were unable to do separately quickly collapsed as soon as the shareholders found themselves competing with the consortia they part-owned.

The latest to come to the end of tha line is Intermex. Its main shareholder, Banco Nacional de Mexico, has just said it wants to take over the bank entirely. It is increasing its stake from 51 per cent to almost 75 per cent, and has begun talks to win Bank of England approval to buy out completely the remaining shareholders, Bank of America and the Mexican state-owned institutions Nafinsa and Bancomext.

Banamex wants to bring under its wing some Intermex businesses, in particular its Latin American asset trading operation, and is returning to London Rafael Mancera, nephew of the president of the Mexican central bank, who will become head of Banamex's European operations and managing director of Intermex.

Unsurprisingly, the changes are not to the liking of Gerard LeGrain, the longstanding managing director of Intermex who, having guided the institution through the debt-distressed 1980s, has now flown the nest.

Food for thought

■ A bombed-ont refugee bereft of a private dining room and desperately phoning City restaurants to find somewhere for a lunchtime *tête-à-tête* was faintly taken aback to hear one overbooked hostelry suggest the caller might like to try Kleinwort Benson.

But KB, whose name may be better known in the catering trade than some financial institutions on account of its employing the Roux Brothers to tickle its guests' palettes, was unable to oblige.

The UK merchant bank seems to be sticking to its knitting.

Batting record

■ Red faces – if not red lights – at Manchester Airport's new Terminal Two. Electronic traffic lights failed to change from amber to red on Saturday and a Qantas jumbo overshot its space, inflicting minimal damage but inconveniencing about 800 passengers. Flights to Australia about to take off from Heathrow were delayed while the Mancunians caught up.

Manchester's pride in its £265m showplace seems to be the greatest casualty, especially as the 600 metres-long terminal is supposed to be the most up-to-date. For the time being, aircraft are being waved in by the decidedly less than state of the art, but all too familiar, table-tennis bats.

'I can't relocate you so I'm making you redundant'

Blacked out

■ Call it chutzpah if you will, but the zeal displayed by South Africa's rugby officials can only befit e recent convert. They have decided thet the Springboks won't play against the Maoris on their next New Zealand tour because the team is selected on a racial basis.

This is all a bit rich. In 1967 an All Black tour to South Africa was cancelled when the South African government refused to allow Maoris to be included in the touring team. Only after the late Danie Craven took up cudgels did the government relent and allow Maoris to tour with the All Blacks three years later.

When South Africa toured New Zealand in 1981, opposition to tha tour divided opinion in the country. Opposition to apartheid also led to the cancellation of the planned 1985 All Blacks tour to South Africa.

But now Nic Labuschagne, chairman of the tours committee of the newly-integrated South African Rugby Football Union, says: "We are very sincere ebout the integration of our sport. We would not want to be e part of anything that smacks of discrimination."

Studded welcome

■ The British Tourist Authority would seem to have scored an own goal. In a campaign aimed specifically at enticing Germans to the UK, it has put its boot right in it. Its latest ad in the Britain is Great series running in Stern magazine is couched entirely in footballing metaphor.

"Their week in England started with a goal way offside," it says of the lucky German tourists. "For him football and holidays had one thing in common: England. This was the motherland of football..."

As the ad is co-sponsored by seven ferry companies there also has to be mention of the "very special kick" the couple got out of their crossing.

On the last day a Mr Aston invites the couple to his villa (sigh) in Beverley for "Yorkshire pudding" and their trip to England ends with "exciting extra time". The BTA could not be hinting at the exciting extra time experienced by some other Germans when they lost the World Cup a mere 27 years ago, could it?

Noteworthy

■ Wakie wakie. The discovery that an experiment in etching photos and signatures on some of its cheque guarantee cards reduced fraud by nearly 99 per cent sets the Royal Bank of Scotland wondering how long it will take the English to catch on.

An early security measure in which the Scots captured the lead was the 1777 introduction of multicoloured bank-notes, followed, in 1835, by the innovative step of printing two-sided notes. It was not until 1928 that the Bank of England decided to introduce both measures, the Royal Bank points out modestly.

Morning exercise

■ "First the good news," said the coxswain to the slaves at the oars of the galley. "Today is the captain's birthday, and he's ordered double rations for breakfast...

"The bad news is be fancies a spot of water-skiing afterwards."

FINANCIAL TIMES
Tuesday April 27 1993

Attali under severe attack from countries that created EBRD

By Peter Norman, Economics Editor, in London

MR JACQUES ATTALI, president of the European Bank for Reconstruction and Development, was yesterday subjected to severe criticism from the countries that had set up the bank.

In the opening session of the bank's annual meeting, governor after governor admonished it to exercise better control over costs after recent reports of extravagance in the fitting out of the EBRD's new London headquarters.

Mr John Major, the British prime minister, and Mr Theo Waigel, the German finance minister and current chairman of the board of governors, delivered only a light rap on the knuckles in the course of the opening ceremony. But other ministers were more outspoken.

Representing the only country that had voted against the EBRD's headquarters' budget, Mr John McDermid, the Canadian minister of state for finance and privatisation, said the EBRD should set an example.

Fiscal restraint was essential if private sector development was to be fostered in former communist countries, Mr McDermid said. "Our public institutions must play a part both as agents for change and as examples of an appropriate role for government in economic development. In this connection, EBRD must always be conscious of its responsibilities as a public institution."

Mr McDermid said it was "essential for the bank to be a leader in promoting efficiency and financial probity".

Canada would work with other members of the bank and its management to ensure that expenditures were kept under control, and "if warranted, that appropriate remedial measures are taken". He said: "Our taxpayers expect no less."

Mr Roger Altman, deputy US treasury secretary, expressed concern at reports of extravagant spending at the bank. Later he told journalists it was clear that some tightening of internal controls at the EBRD was required.

While he said the US believed the bank "was doing very important work" and that the US was "not unhappy" with the bank, he failed to say the same of Mr Attali.

Ms Halle Degn, the Danish minister of development co-operation, who spoke on behalf of the European Community, said the recent information on the bank's spending had been "a great concern for all of us and that is very regrettable".

Mr Attali said recent criticisms had "provided constructive lessons for the bank and for me". He recalled the bank had decided on some organisational changes. "I shall carefully oversee their rigorous implementation."

Earlier, Mr Major had delivered a more coded message. After briefly praising the EBRD for generating projects worth £7.9bn, he said that it must go about its task "in the most cost effective way possible, ensuring value for taxpayers' money".

Mr Waigel contented himself with saying that "careful handling by the bank of the resources entrusted to it is absolutely essential."

Mr Major said the European Community summit in Copenhagen in June should tell the countries of central Europe "clearly and unambiguously" that the EC wants them inside the European Union as full members.

Pledge on change, Page 3

World tightens economic noose on rump Yugoslavia

By Laura Silber in Belgrade, Quentin Peel in Bonn and Reuter

THE WORLD began tightening the economic noose around Yugoslavia yesterday after Bosnia's Serbs defied international pressure and rejected a United Nations-sponsored plan to end the civil war in Bosnia.

The self-styled Bosnian Serb assembly, which has no international recognition, announced yesterday that it would reject the plan to divide Bosnia into 10 ethnic provinces although sanctions on Yugoslavia were certain to be stepped up.

The assembly rejected the plan in spite of a last-minute appeal from Serbian president Slobodan Milosevic and his Montenegrin and Yugoslav counterparts. The message warned the deputies gathered in the Bosnian frontier town of Bijelina that they had "no right to endanger 10m citizens of Yugoslavia because of . . . some minor points".

The US and France said they would take immediate action to freeze Yugoslav assets, and Russia promised support for tougher sanctions. Those include a land, sea and air trade embargo that will virtually isolate Serbia and Montenegro, the remaining Yugoslav republics, from the rest of the world.

Within hours of the vote, other countries began to tighten the sanctions, which have brought the Yugoslav economy to its knees since they were imposed last May in retaliation for Belgrade's support for the Bosnian Serb war machine.

As western countries scrambled to find a new diplomatic direction on Bosnia, , Yugoslav and Serb leaders said they still sought to end the year-old civil war through diplomacy.

In Bonn, Mr Klaus Kinkel, the German foreign minister, called for the reconvening of the EC-chaired Yugoslav peace conference – excluding the warring parties – for the west and its allies to agree on new moves to bring peace to the region.

"We are not saying the peace plan has failed," the German foreign ministry said last night. "If we said that, we would have to have an alternative, and nobody sees alternatives. We are saying the plan is temporarily rejected."

Mr Kinkel and Lord Owen, the EC peace envoy, both avoided any suggestion of military action. Lord Owen said the price of cutting Serbian supply lines might be too high if it meant an end to humanitarian relief for the civilian population.

In Sarajevo, a UN official said Serb forces ringing Srebrenica were asking 150 Canadian UN peacekeeping troops to leave, saying it had not been properly demilitarised as laid down in a ceasefire accord.

The official said the Serbs had not set a deadline for the withdrawal, and emphasised that the UN had no intention of pulling out its peacekeepers.

West scrambles for coherent Bosnia policy, Page 2
Editorial Comment, Page 17

Slowdown in German inflation forecast

By Christopher Parkes in Frankfurt

THE underlying rate of west German inflation will slow "relatively quickly" as a result of this year's moderate pay settlements, according to a leading Bundesbank official.

At more than 4 per cent, the current rate of prices growth was still worrying, Mr Otmar Issing, a member of the central bank's directorate said yesterday.

But he made clear that the worries were not great enough to affect the bank's policy of cautiously reducing interest rates, which continued last week with the third cut so far this year. Inflation was a lagging indicator, he noted, and as such was not suitable on its own as a guide for monetary policy.

The internationally important discount rate, the effective floor for money market rates, is now 7.25 per cent compared with its most recent peak of 8.75 per cent, reached in mid-1992.

Mr Issing's comments, which coincided with preliminary April figures from four key states showing regional consumer price indices still rising by between 4 per cent and 5 per cent annually, indicated that the bank is for the present satisfied that the main controllable source of inflation has been effectively dammed.

Pay deals averaging 3.5 per cent represented a marked reduction after rises of 7 per cent in 1991 and nearly 6 per cent last year, Mr Issing said.

Commenting on a value added tax increase in January which generated an unwelcome surge in inflation, he said tax rises did not stem solely from the authorities' need for revenue. They were also a consequence of high wage awards in the public sector.

The braking effects of wage restraint on inflation were not felt immediately, but basic developments were going in the right direction, Mr Issing said.

According to most estimates, annual inflation will be down to 3.5 per cent by this year's final quarter, by which time the Bundesbank is expected to have cut its discount rate to around 6 per cent.

Pay deals agreed, Page 2

Rise in British GDP adds weight to signs of recovery

By Emma Tucker and Alison Smith in London

BRITAIN yesterday reported the first significant rise in gross domestic product for 2¼ years, confirming recent evidence that the country has emerged from one of its longest recessions since the 1940s.

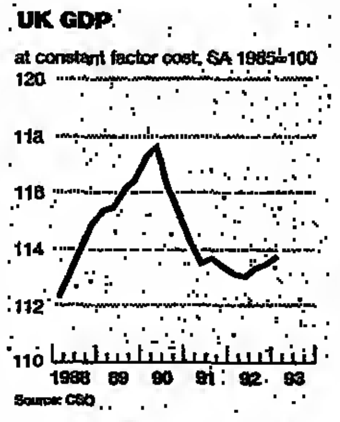
The Central Statistical Office said the UK economy grew by 0.2 per cent in the first quarter of 1993, compared with the previous quarter. GDP was 0.6 per cent up on the same period a year ago.

Weak oil output in the first two months of 1993 meant that non-oil GDP grew more strongly. Excluding oil and gas extraction – 6 per cent of total GDP – output rose by 0.6 per cent on the quarter, 0.6 per cent higher than the same period of 1992.

This was the first significant rise in non-oil GDP for more than two years and the first time since the second quarter of 1990 that both measures of GDP have risen on the previous quarter.

UK GDP

at constant factor cost, SA 1985=100



Source: CSO

Mr Norman Lamont, the UK chancellor, hailed the figures: "We are beginning to see the fruits of all the difficult decisions I and the government made over the last couple of years. We had to get inflation down. We have got recovery underway."

The increase in GDP gave weight to other signs of recovery, including three consecutive monthly rises in retail sales, a rise in manufacturing output and strong narrow money growth.

A survey from the Institute of Directors yesterday showed that business confidence among company directors has reached its highest level for five years.

After peaking in the second quarter of 1990, GDP shrank by 3.9 per cent over eight quarters to a trough in the second quarter of 1992. For the next six months, the economy was stagnant. In the country's 1979-81 recession, output fell by 5.5 per cent, but over only seven quarters.

Excluding oil and gas extraction, the economy shrank by 3.8 per cent over seven quarters from a peak in the second quarter of 1990, to a trough in the first quarter of last year.

The CSO said manufacturing output was estimated to have risen while energy production declined.

Business confidence rise, Page 11
Lex, Page 18

IMF urges rate cuts to boost world growth

Continued from Page 1

many, where the IMF reckons the economy will contract by 1.3 per cent this year. This marks an astonishing turnround from last October when the IMF predicted the German economy would grow by 2.6 per cent in 1993.

The report said the outlook for Japan was also relatively gloomy, while growth in the US was more encouraging and picking up virtually as predicted.

However, Mr Michael Mussa, director of the IMF's research department, yesterday called on the US government to show "somewhat more movement" in pushing down its large fiscal deficit, which on current plans is to come down to about 3 per cent of gross domestic product by 1998, excluding social security payments.

Mr Mussa said that even if this happened the budget position was "not sustainable". It was "desirable" to cut the deficit by a further 2 percentage points "over the longer term".

The report said the expected recovery in the international economy was "hesitant and uneven", with prospects affected by factors in many nations including "extensive balance sheet restructuring, persistently high short-term real interest rates, considerable financial tensions and depressed levels of consumer and business confidence".

One bright spot was that inflation was down in many countries while many developing nations were expanding strongly. But a threat was that "significant benefits" to free trade were being put in danger by "moves to protectionism and a "dangerous proliferation" of accords among governments to limit their trading partners under "managed trade" agreements.

Ciampi to be Italian PM

Continued from Page 1

liament. Last night, though, political commentators said electoral reform would be extremely difficult to steer through parliament.

The choice of Mr Ciampi was greeted with caution last night by the main opposition party, the Party of the Democratic Left, and by the Lombard League. The Socialists, one of the two dominant partners in the outgoing coalition, also made clear that Mr Ciampi was not their first choice.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	16	61	Boulogne	F	14	57	Frankfurt	S	21	70	Majorca	C	13	55	Oporto	F	13	55	Toronto	S	18	64
Algiers	F	19	66	Brussels	S	18	64	Geneva	F	14	57	Malaga	C	15	59	Oslo	S	20	68	Tokyo	S	18	64
Amsterdam	S	18	64	Budapest	S	23	73	Gibraltar	C	13	55	Malta	S	21	70	Paris	F	18	64	Toronto †	F	3	37
Athens	S	22	72	Buenos Aires	C	21	70	Glasgow	C	10	50	Manila	F	36	97	Prague	S	23	73	Tunis	S	21	70
Bahrain	R	26	79	Cairo	S	25	77	Helsinki	F	20	68	Melbourne	S	19	66	Reykjavik	F	3	37	Valencia	C	16	61
Bangkok	F	36	97	Cape Town	S	20	68	Hong Kong	F	22	72	Mexico City	C	27	81	Rhodes	S	18	64	Venice	S	20	68
Barcelona	F	16	61	Caracas	F	31	88	Innsbruck	F	21	70	Miami †	C	22	72	Rio de Janeiro	F	30	86	Vienna	F	20	68
Beijing	S	21	70	Casablanca †	S	15	59	Inverness	C	8	46	Milan	R	14	57	Rome	S	23	73	Warsaw	S	25	77
Beirut	F	20	68	Chicago †	C	2	36	Islamabad	F	37	99	Montreal †	C	4	39	Salzburg	S	21	70	Washington †	C	17	63
Belfast	C	10	50	Cologne	S	21	70	Istanbul	S	19	66	Moscow	S	20	68	S'Francisco †	S	11	52	Zurich	F	19	66
Belgrade	S	23	73	Copenhagen	S	23	73	Jakarta	S	32	90	Munich	S	25	77	Seoul	F	14	57	Temperatures at midday yesterday			
Berlin	S	26	79	Corfu	S	22	72	Johannesburg	S	23	73	Nairobi	C	27	81	Singapore	C	33	91	† Noon GMT temperatures			
Bermuda	F	26	79	Dallas †	S	13	55	Jersey	F	15	59	Naples	S	23	73	Stockholm	S	23	73	C-Cloudy Dr-Drizzle			
Bombay	S	32	90	Dublin	C	9	48	Las Palmas	F	15	59	Nassau	C	23	73	Strasbourg	S	19	66	F-Fair Fg-Fog H-Hail			
Bordeaux	F	14	57	Dubrovnik	S	21	70	Lisbon	F	15	59	New Delhi	S	39	102	Sydney	F	22	72	R-Rain Sl-Sleet Sn-Snow T-Thunder			
				Edinburgh	C	7	45	London	F	16	61	New York †	C	15	59	Taipei	R	24	75				
				Faro	S	32	90	Luxembourg	S	18	64	Nice	R	14	57	Tangier	S	12	54				
				Florence	S	23	73	Madrid	F	12	54	Nicosia	F	21	70	Tel Aviv	C	20	68				

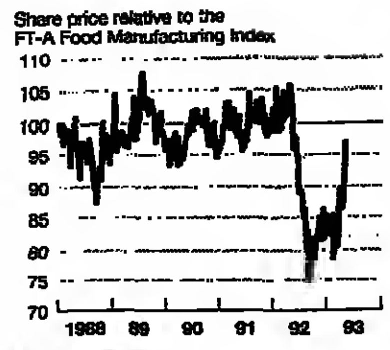
THE LEX COLUMN

Compound growth

FT-SE Index: 2822.3 (-21.5)

United Biscuits

Share price relative to the FT-A Food Manufacturing Index



Source: Datastream

The smooth management transition at SmithKline Beecham stands in marked contrast to the sudden departure of Mr Ernest Mario from Glaxo last month. The relaxed reaction of the shares yesterday shows that approach the market prefers. The marriage of SmithKline Beckman and Beecham in 1989 must also be judged a success for ending years of underperformance for shareholders in both companies. There have been disappointments along the way. The cosmetics business might have been sold for more. Yet the balance sheet has been restored to good order, as promised. More importantly, the combined business looks diverse enough to ride out nasty shocks.

The merger might still provide a model in this respect. One might wonder whether Boots' drugs business is broad-based enough to bounce back should Manoplax, its heart drug, flop following yesterday's poor clinical trials data. Fisons' future as an independent pharmaceuticals company is open to question for similar reasons. SmithKline Beecham must still deal with the US patent expiry of Tagamet, it biggest selling drug. But US sales of Tagamet now account for only a small percentage of turnover.

Cheap generic versions of Tagamet may be more of a threat to Glaxo, which depends on its rival anti-ulcer treatment Zantac for almost half of sales. Whether Glaxo can overcome its dependence on Zantac alone, or needs an outside partner to bring diversity, remains the burning question. Those with long memories will remember blood-letting among the top management at SmithKline Beckman before it settled on the merger solution.

United Biscuits

The 11 per cent rise in United Biscuit's share price in the past two trading days shows how excited the market is becoming about a possible break-up bid. UB's supposed vulnerability lies in the weakness of Ross Young's and Keebler, which account for half UB's assets but generate poor returns. UB has long argued it would not be wise to sell at fire-sale prices. Besides, it finally appears to be making progress in rationalising both companies. But thanks to the wonders of acquisition accounting, a bidder could take short cuts, enduring greater rationalisation pain than UB could stomach. This would leave the acquirer with UB's two attractive core businesses. McVitie's biscuits could be run for cash, KP snacks for growth.

The trouble with this scenario is the timing and context. Any lurking asset strippers would have struck seven months ago when Keebler's problems undermined the shares. A bidder must also know a hostile approach would surely send UB scurrying into the arms of a white knight.

UB will hardly moan if the bid premium remains in the price. It may even be able to catch up with the rating on pure trading grounds if the recovery at Keebler proves as fast as some suspect. The launch of a cigarette price war by Philip Morris will squeeze RJR Nabisco hard. There could be some relaxation of Nabisco's aggression in the biscuits market which so embarrassed Keebler.

UK economy

After sterling's devaluation and the four percentage point cut in interest rates since September, it would be deeply worrying if there were no sign of economic recovery. From that perspective, the 0.6 per cent first-quarter rise in non-oil GDP was the least that might have been expected. It leaves the chancellor's Budget forecast of 1.25 per cent for the full year looking conservative. City consensus expectations may move up a further notch to settle above 1.5 per cent. But even that is not much to write home about. More important is whether this is a recovery capable of sustained momentum.

Today's CBI trends survey will provide some indication of what follow-through to expect in the second quarter. Doubts remain for the longer term. The debt problems that underlay the recession are not over: negative equity and the stock of repossessed property will restrain recovery in the housing market. Sterling is strengthening again just as exporters need additional competitiveness to confront the downturn in their European markets. Next year's large tax increases may undermine confidence, especially as the perception grows that interest rates have hit their trough.

All that fits with an anaemic US-style recovery. The difference is the two successive monthly falls in unemployment. These could be signalling a much stronger recovery than previously expected. It is more likely, however, that patterns of behaviour in the labour market have changed in ways that make it respond more quickly to shifts in economic sentiment.

Gold

These days, one need only breathe the name George Soros to quicken the investment pulse. Sir James Goldsmith still excites some in the same way and when the two are linked, passions in saloon bars may swell beyond endurance. Add the intellectual endorsement of modern-day Jeremiahs such as Lord Rees-Mogg and a stampede cannot be far off. However tempting it may be to deflate such hype as a little canny buying and a lot of talk, there may be something more stirring in the gold market.

For US investors, returns on cash are as near to zero as makes no odds. Bond yields may be around a cyclical low point, and equities remain expensive by most historical measures. Those worried by the recent weakness in the dollar may well be tempted by a little gold – especially with the opportunity cost of holding bullion low. The balance of supply and demand has also been slowly shifting in recent years. Jewellery fabrication and bar hoarding now soak up more metal than new mined supply and scrap provide. Forward sales by producers, using borrowed central bank bullion, have locked many into current low prices for some of their production. If they wish to unwind these, sales producers will have to buy in the open market because they cannot produce sufficient from their own mines or stocks. Russia has probably sold most of the gold fitments which can be easily unscrewed. Against that is the threat of central bank selling and a subdued inflation trend. But the banks may hold off once a run starts, and the gold price has hinted of inflation to come before now.

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FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday April 27 1993

INSIDE

Elf share move sparks Petrofina bid talk

Belgian oil and gas company Petrofina confirmed that Elf Aquitaine, the French state-run oil company, now had a 4.9 per cent stake in the group. Elf's undeclared presence on Petrofina's share register has fuelled intense speculation about a possible bid for Belgium's largest industrial company. Page 20

Sharp downturn in Gan result

Gan, the French state-controlled insurance group suffered a sharp fall in net profits to FFr402m ($74m) from FFr2.32bn in 1991. Mr François Heilbronner, chairman, said Gan's main objective was to prepare for privatisation. Gan, like the other big French insurers, was badly affected last year by the intensely competitive state of the insurance market, particularly the damage sector. Page 20

UK newspaper may be sold

Mr Tiny Rowland, joint chief executive with Mr Dieter Bock of Lonrho, the international conglomerata, has told colleagues he does not want to sell the Observer, the UK Sunday newspaper he has controlled since 1981. However, a Lonrho financial adviser said Mr Bock is determined to dispose of the title. Paga 20

Fields show scars

There are green shoots on farms all over the UK. But look down from an aeroplane and tha scars can be seen. There are great patches of land into which good seeds were planted but did not grow. There are other bare areas in a disturbing number of fields that are clearly the work of pests – almost certainly slugs. Page 28

Board change at Japanese bank

Five board members resigned at Hyogo Bank, a local Japanese bank, taking responsibility for its worsening bad loan burden, reportedly the worst among regional Japanese banks. Hyogo has become a symbol of the over-ambitiousness of some Japanese regional banks, which expanded beyond their home territory during the late 1980s. Page 22

Dublin finally falls back

Equity markets moved in directions of their own last week, with an easier tone overall being set by the FT-Actuaries World index. Dublin exemplified the lower trend, giving ground after posting gains in each of the previous eight weeks. Back Page

Farnell buoyed by acquisition

Farnell Electronics, the UK components and equipment manufacturer and distributor, reported a 12.5 per cent operating profits rise reflecting organic growth and a maiden full-year contribution from ESD Distribution. Page 24.

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				BIF	868	+	23
Rises				Falls			
Holzmann Ph	1019	+	17	AGF	613	-	13
Falls				Moulinex	81.9	-	4.8
Colonia Kran Pf	590	-	10	Schneider	844	-	16
Hochtief	395.2	-	4.8	Spie Batignolles	385	-	11.9
Philipp Holzmann	552	-	20	**TOKYO (Yen)**			
Strabag	950	-	15	Rises			
Volkswagen Pf	275.5	-	6.5	Calsonic	565	+	29
NEW YORK ($)				Hitachi	839	+	24
Rises				Jeol	875	+	56
IBM	46⅛	+	1⅜	Sumitomo Mit Mg	990	+	63
Norsk Hydro	25⅝	+	1⅛	Falls			
US Healthcare	43⅞	+	2⅜	Chiyoda	500	-	43
Falls				Kaneko	415	-	25
BankAmerica	45⅛	-	1⅛				
Chemical Bank	36⅞	-	1				
Citicorp	26⅛	-	1⅛				
PARIS (FFr)							
Rises							
Air Liquide	760	+	14				
New York prices at 12.30.							
LONDON (Pence)							
Rises				Sleepy Kids	32	+	4
Blam (J)	298	+	31	Unitech	291	+	17
Cliff Rez	19	+	5½	Utd Biscuits	428	+	29
Crosswoods Oil	15	+	2½	Wales City Un	48	+	4
Ewart	50	+	5	Falls			
Ferraris	68	+	7	Boots	464	-	29
Hopkinsons	40	+	4	Lyles (S)	82	-	7
Moss Bros	168	+	18	Sturge	50	-	8
Parkland A	187	+	5	TDS Circuits	18	-	7
Perpetual	342	+	17	Tarmac	133	-	7
Prowting	110	+	6	Tadpole Design	234	-	11
Reed Executive	92	+	11	Typhoo	315	-	14
Regalian Prop	31	+	3½				
Sheldon Jones	68	+	8				

Gerstner pledges to restore IBM to profit

By Louise Kehoe in Tampa, Florida

MR LOUIS Gerstner, IBM's new chairman and chief executive, yesterday pledged to restore the US computer group to profit. "We can bring IBM back," he told the company's annual meeting in Florida.

He faces the challenge of winning over shareholders angry at the performance of IBM shares during the past year. As a signal of their unhappiness with the board, 28 per cent of all shareholders voted to cut directors' retirement benefits. This was not enough to have any practical effect but it sent a powerful message of discontent.

In his first public statement of his plans since taking over at the head of the company on April 1, Mr Gerstner outlined his priorities as first "right-sizing" the company through job reductions. "Secondly, we will sharply define our strategic priorities, pin down what businesses we'll pursue, which deserve priority and what competitive platforms we'll build on. Third, we will organise the company around that strategy, achieving the benefits of decentralisation while seizing the advantage of our size. Fourth, we will redouble our commitment to our customers."

Although he appeared to make a favourable impression upon shareholders, several raised questions about his remuneration. His salary is almost double that of his predecessor Mr John Akers. In addition to a $2m salary, Mr Gerstner received a one-off payment of $5m on joining IBM and generous share options.

In response to complaints that be was being paid too much at a time when shareholders were suffering, Mr Gerstner said: "I understand your pain. I cannot do more than that. I'm sorry."

He acknowledged that employee morale was low in many parts of IBM, and vowed to try to complete the "downsizing" of the company as quickly as possible. "I don't have a plan that I can describe to yon today," Mr Gerstner said, stressing he has had little time to assess IBM's problems.

IBM's share price has plunged over the past year from more than $100 last summer, to around $50 in recent weeks. Last year IBM cut its dividend by 55 per cent to 54 cents per quarter.

But yesterday IBM's board voted to maintain the quarterly dividend, dispelling concerns of another dividend cut.

Sweden says 20 banks eye Gota

By Christopher Brown-Humes in Stockholm

THE SWEDISH government said yesterday that around 20 domestic and international banks had shown "serious interest" in buying Gota Bank, which was taken over by the state in the face of mounting losses last December.

The news came as the government removed six Gota board members to signal a clear break with the management who were in charge when the bank ran into difficulties.

The bank's chairman, Mr Dan Wersen, and managing director, Mr Per Lundberg, both of whom only took up their positions towards the end of last year, were the only board representatives to survive the clear-out.

The government wants to move quickly to return Gota Bank to the private sector and believes a solution, which may involve one or more purchasers, can be found by the end of the year.

Credit Suisse First Boston is assisting the government with the sale.

Potential purchasers are not being identified at this stage although a suggestion that Deutsche Bank had agreed to buy part of Gota was firmly denied by the Swedish government and the German bank yesterday.

It is likely that any purchaser will only buy the bank's healthy assets, which carry a value of some SKr50bn ($6.5bn).

Its problem loans have already been transferred to a separate "bad bank" – following a model adopted by other Swedish banks – although they are still formally under the bank's ownership.

So far the government's assistance to the bank amounts to a SKr10bn guarantee which it provided in January.

Gota Bank is due to report its first-quarter figures tomorrow.

Last year its operating loss deepened to SKr2.4bn in 1992 from SKr1.9bn in 1991 after credit losses more than tripled to SKr12.5bn from SKr3.7hn.

The loss would have amounted to SKr12.9bn without SKr4.5hn in financial insurance and SKr6hn in state guarantees.

Five new members have already been appointed to the board, including a representative from the finance ministry.

Paul Abrahams reports on the achievements at the pharmaceutical group

SmithKline Beecham announces succession

SMITHKLINE Beecham, the Anglo-American drugs and consumer products group, yesterday announced that Mr Henry Wendt, chairman, and Mr Robert Bauman, chief executive, will retire next April.

Sir Peter Walters, chairman of Midland Bank and a non-executive director of SB since 1989, will then become non-executive chairman.

Mr Jan Leschly, head of SB's pharmaceuticals since 1990 when he moved to the company from the US group Squibb, will take over as chief executive. SB's share price yesterday closed down 3p at 446p.

The appointment of Mr Leschly, a 51-year old Danish pharmacist, cuts through the problem of whether to appoint a former employee of SmithKline Beckman or Beecham.

The appointment of Sir Peter, 61, will calm concerns that the company is becoming too American.

He is expected to surrender his chairman's position at Midland over the next 12 months. He will continue to be a non-executive director of HSBC Holdings.

The surprise announcement, made at SB's annual general meeting, is, the company says, part of a carefully planned transition to ensure the group maintains continuity and focus.

The approach is in marked contrast to recent events at Glaxo, the UK pharmaceuticals group, where Sir Paul Girolami, chairman, sacked his chief executive Mr Ernest Mario.

Dr Jean-Pierre Garnier, president of the north American pharmaceuticals operations, has been appointed executive vice-president of pharmaceuticals.

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Handing down a legacy of improvement

THE LEGACY that Mr Robert Bauman and Mr Henry Wendt, respectively SmithKline Beecham's chief executive and chairman, hand over to their successors will be very different from the one they inherited four years ago.

At that time, the two groups that merged, SmithKline Beckman of the US and Beecham of the UK, were also-rans in the pharmaceuticals industry. Mr Bauman explains: "Back four years ago, we were told the merger would never work. We were told we didn't have a drugs pipeline. We were told we couldn't fuse a trans-Atlantic organisation and we were told our marketing wasn't up to the job."

Mr Bauman claims the group he intends to hand over to Mr Jan Leschly is now a firmly-established leader in the industry, with an increasingly convincing pipeline of drugs, new product growth, and a firm control of costs. A sign of the company's improving fortunes is the attitude of SB and analysts to the expiry in May next year of the US patents of its best-selling product, Tagamet. A few years ago, the expiry would have been a significant cause of concern. Analysts believe its annual sales in the US are about $600m, and could fall 50 per cent during the first 12 months.

That decline, however, should be more than offset by the growth of SB's four new products: Paxil, an anti-depressant also known as Seroxat; Engerix B, a hepatitis vaccine; Kytril, an anti-nausea drug; and Relafen, an anti-arthritic. Analysts believe these products could add sales of £400m this year – an impressive achievement by SB's combined salesforces.

The group is further protected by its particularly strong position in the rapidly-growing American managed healthcare sector where it has about 40 per cent of its US drug sales. The company was forced into the managed sector because of competition against its existing drugs, but now sees it as a strength rather than a weakness. It expects that proportion to increase to 80 per cent by the end of the decade.

"Bob [Bauman] is a very modest person," says Mr Leschly. "Who would have anticipated at the time of the merger that 50 per cent of pharmaceuticals growth would come from new products, and the other 50 per cent from volume growth of existing medicines? It's a remarkable achievement that we're generating such growth without any price increases."

Analysts' concerns have also been allayed by the group's strengthened pipeline of new drugs, which has been rationalised by the group's Australian R&D director, Dr George Poste. The company has focused its resources on fewer but potentially more financially successful medicines. Analysts point to the group's anti-herpes compounds, penciclovir and famcyclovir, which should challenge Wellcome's best-selling product, Zovirax, as well as enlarging the overall market.

With its stronger pipeline and impressive marketing clout, the group is facing the expected US healthcare reforms in the US with equanimity.

Any measures to control prices will have little effect, since the company is already cutting prices in the US. Last year they fell by more than 2 per cent. The company also has little exposure to any changes in the tax relief on manufacturing in Puerto Rico.

But not all has gone to plan over the past four years. Mr Bauman admits it took longer than expected to sell Yardley-Lentheric, the cosmetics division, which was eventually disposed for £110m ($169m) That meant debt was higher than expected for some time.

He also remains disappointed that the price between the US and UK stocks has not remained within the 5 per cent range he targeted.

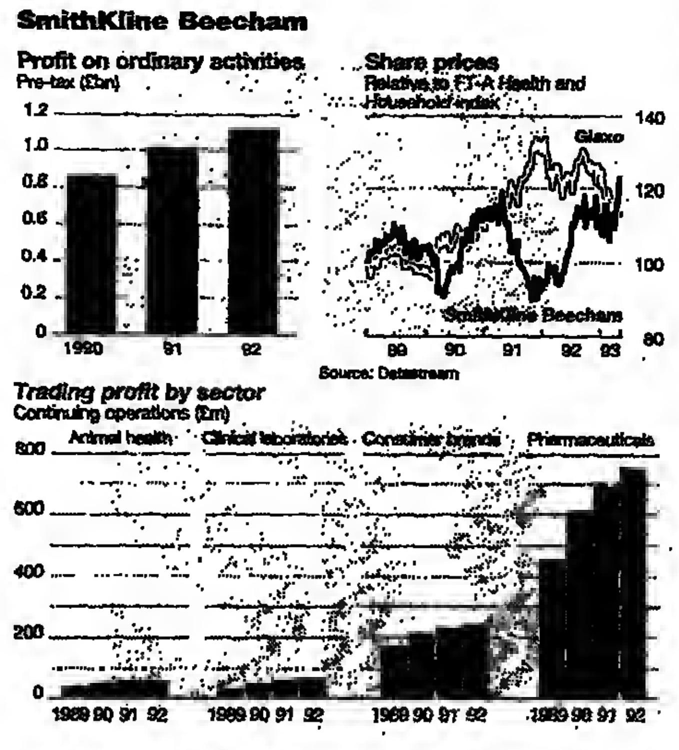
Other disappointments include the unsuccessful European launch of Relafen, the anti-arthritic medicine, and the slow development of Kytril, the anti-nausea drug.

Mr Bauman says the European launch of Relafen started before the merger and demonstrated the need for the merger to be carried out. The drug's more recent US launch, which involved more than 110,000 visits to general practitioners in a single month, was highly successful, he claims.

As for Kytril, he agrees the development took longer than it should. Glaxo has recently agreed to pay royalties for marketing its competitor compound Zofran in anti-nausea treatment, because SB discovered its use in nausea first. Kytril, which is licensed in only about 20 countries, had worldwide sales last year of only $55m. Zofran has been licensed in 63 countries and generated worldwide sales of £168m during the last six months of 1992. However, Mr Bauman says the lessons have been learned and the later stages of development accelerated.

Mr Leschly believes Mr Bauman's influence will continue to live on after he leaves.

Given the likely difficult environment for the industry over the next few years; Mr Leschly must prove he can further consolidate the group's achievements.



BA buys additional USAir stock and maintains 24.6% holding

By Paul Betts, Aerospace Correspondent

BRITISH AIRWAYS will exercise its option on $86.3m worth of USAir stock to maintain its current 24.6 per cent equity stake in the sixth largest US carrier.

The UK flag carrier is also in advanced negotiations with the Danish AP Moller group over the future of their joint interest in Brymon European Airways, the UK regional carrier formed last year by the amalgamation of Brymon Airways and Birmingham European Airways.

BA's decision to exercise its rights to buy additional USAir stock follows the US carrier's plan to sell 10m new shares to investors to raise about $260m to improve its debt-laden balance sheet. The move will increase BA's financial investmant in USAir to $386.3m.

The UK carrier acquired its minority stake in USAir last January for $300m. Under its investment agreement with USAir, BA also gained certain rights to buy shares of preferred stock convertible into USAir common shares to maintain its underlying interest if the US carrier proceeded with a new equity issue.

BA's decision to subscribe to the new issue confirms the UK flag carrier's commitment to the partnership with USAir, which it regards as an integral part of its strategy to become a global airline.

BA said yesterday the USAir convertible preference share stock it was subscribing to were convertible into 3.37m common shares at $26.40 a share. BA also said it would subscribe a further $12.9m should underwriters to USAir's offering exercise options to take an additional 15 per cent above the offering.

While consolidating its partnerships in the international market, BA is also continuing to reorganise and rationalise its domestic operations.

The latest rationalisation is expected to involve the loss-making Brymon European Airways, the regional carrier owned by The Plimsoll Line in which BA has a 40 per cent stake.

The AP Moller group, through its Maersk Air subsidiary, also owns 40 per cent of The Plimsoll Line with the remaining 20 per cent held by Jim Harris Holdings. Mr Harris is a former BA marketing director and a former chairman of the London Ambulance Brigade.

An agreement on the restructuring of Brymon European Airways could come as early as this week. It is likely to involve a split in the company's regional activities with BA taking over the Plymouth and Bristol-based Brymon operations and Maersk the Birmingham operations.

BA has already restructured its UK regional operations in a new subsidiary called BA Regional to reduce costs and improve efficiency. The former Brymon operations, including services from Plymouth to London Heathrow and Bristol to Scotland and Paris could be absorbed by BA Regional. Brymon also owns Plymouth City Airport.

Siemens 2% ahead at halfway

By Christopher Parkes in Frankfurt

NET PROFITS at Siemens, Germany's biggest electrical and electronics group, rose just 2 per cent to DM877m ($544.7m) in the first half of the current year, the company said in an interim report yesterday.

Sales rose 3 per cent to DM37bn, but new orders – an important guide to medium-term prospects – fell 4 per cent to DM41bn.

Incoming contracts from German customers, which account for just under 50 per cent of all business, fell 7 per cent, after being 4 per cent down at the end of the first quarter.

Export orders, 10 per cent lower at the three-month mark, were down 2 per cent in the six months to the end of March.

Siemens reported "above average" orders for semiconductors and other components, and strong business in transportation and automotive systems. However, new contracts for the core telecommunications and power generation divisions were lower than last time.

Most of the sales growth was attributed to power and transportation.

Yesterday's report made no mention of progress at Siemens-Nixdorf, SNI, the computer subsidiary which last year lost DM513m on sales of DM13bn. However, the company denied a report that SNI was heading for a DM1bn loss this year.

Siemens referred to a statement last month which said SNI might even show a slight improvement. But this seems increasingly unlikely in the light of worsening German economic conditions and the lack of overseas markets growth.

Half-year sales matched "modest expectations for the full year", but the company offered no further profits forecasts.

Gan suffers sharp fall on increased competition

By Alice Rawsthorn in Paris

GAN, the French state-controlled insurance group which is a candidate for privatisation under France's new conservative government, suffered a sharp fall in net profits to FFr402m last year from FFr2.32bn ($420m) in 1991.

Mr François Heilbronner, chairman, said Gan's performance this year would "depend on economic conditions". Despite the group's poor performance, he said its main objective in 1993 was to prepare for privatisation.

Gan, like the other big French insurers, was badly affected last year by the intensely-competitive state of the insurance market, particularly the damage sector. Union des Assurances de Paris and Assurances Générales de France, the other two state-controlled insurers, have already announced steep falls in profits for 1992.

However, Gan has been more vulnerable to the economic squeeze than its competitors, chiefly because of its exposure to the depressed property sector. This posed a dual problem last year because of the shortfall in profits on asset sales and the need to make heavy provisions on its property interests.

Insurance sales rose from FFr39.7bn to FFr43.7bn in 1992 but profits from insurance fell from FFr1.5bn to FFr200m. Worst hit was damage insurance, which made a loss of FFr1.1bn against a FFr501m profit, due to an increase in claims, particularly in fraudulent ones.

Mr Heilbronner said he hoped to see an improvement in Gan's domestic insurance interests this year and in its foreign activities. The group last year reduced the loss from its foreign business to FFr4.6m from FFr254.5m and hopes to make a profit this year.

Moulinex tumbles into the red

By Alice Rawsthorn

MOULINEX, the French manufacturer of kitchen appliances, fell from a net profit of FFr171m ($31.5m) in 1991 to a loss of FFr116m last year because of difficult economic conditions in Europe and adverse exchange rates.

The group, which two years ago took on heavy debts in acquiring Krups, the German electrical goods producer, plans to seek new capital in an attempt to return to profit "within two or three years".

For months Moulinex's management has been split over the recapitalisation plan. But last month the group began negotiations with its banks after Mr Gilbert Torelli, its deputy chief executive, raised his stake in Société des Fondateurs, the group's parent, from 35 to 44.9 per cent.

Moulinex, which also owns the Swan and Girmi brand names, has been under pressure in the European electrical goods market where it faces fierce competition from the giant multinational consumer electronics groups. Last year, these general problems were aggravated by the slowdown in consumer spending in its key French, German and UK markets.

Sales fell to FFr8.22bn from FFr8.36bn in 1991 But it was also hit by the strength of the French franc after the September currency crisis, which cost it an estimated FFr125m in lost income. Operating profits plummeted to FFr235m from FFr499m in 1991.

Results were also hit by the restructuring of Krups, which cost FFr45m last year. It has cut the Krups workforce by 800 since the takeover.

Norsk Hydro doubles its first-quarter net profit

By Karen Fossli in Oslo

NORSK HYDRO, Norway's biggest publicly-quoted company, has more than doubled first-quarter net profits to NKr506m ($75.5m) from NKr217m last year, helped by lower production costs, higher crude oil output and a higher krone/dollar exchange rate.

The result was better than analysts' forecasts as Hydro's four main business segments outperformed expectations by boosting operating profits and sales. The shares closed up NKr3.50 at NKr168 on the Oslo bourse yesterday.

Group sales increased by NKr807m to NKr16.47bn as operating profit rose by NKr398m to NKr1.44bn. "Hydro's oil and gas activities are continuing to develop favourably, but otherwise the first quarter was characterised by the persistent difficult market conditions and depressed prices," said Mr Egil Myklebust, chief executive.

Net financial expenses were cut to NKr625m from NKr868m as foreign exchange losses fell to NKr194m from NKr470m. Hydro blamed the currency loss on a fall in the valna of forward contracts and a loss on receivables due to a strengthening of the krone against European currencies.

The company said in tha second quarter it would book a NKr2.4bn gain, before interest income and tax, on the disposal of its 38.3 per cent shareholding in Freia Marahon, Scandinavia's biggest chocolate prodncer, acqnired hy Kraft General Foods International. KGFI paid NKr3.4bn for Hydro's Freia stake.

The agriculture division lifted operating profit by NKr56m to NKr251m on sales np NKr133m to NKr7.373hn.

Oil and gas lifted operating profit by NKr162m to NKr900m on sales np NKr566m to NKr3.58hn.

Light metals improved operating profit by NKr201m to NKr290m on sales np NKr159m to NKr4.3bo. Petrochemicals' profit rose hy NKr16m to NKr112m oo sales up NKr48m to NKr1.1bn.

Flaws in the Elf takeover theory

Andrew Hill in Brussels reports on a strategic stake in Petrofina

PETROFINA, the Belgian oil and gas company, yesterday confirmed that Elf Aquitaine, the French state-controlled oil company, had huilt up a 4.9 per cent stake in the group.

Elf's undeclared presence on the Petrofina share register has fuelled intense speculation about a possible bid for Belgium's largest industrial company, which would rival the controversial struggle for control of Société Générale de Belgique, Belgium's largest holding company, in the late 1980s.

Petrofina's share price, which rose slightly to BFr8,790 yesterday, has come down from its peak of BFr11,750 a year ago, making the stock a more attractive target for predators. Shareholders are due to vote today on a series of proposed defensive measures, one of which would have forced Elf out into the open anyway, by obliging investors to declare stakes of more than 3 per cent.

Meanwhile, La Générale, which controls an 11.33 per cent stake in tha oil company, is searching for ways of reducing its industrial exposure.

But in the last few days oil has been poured on these troubled waters. On Friday, Mr Gérard Worms, chairman of Compagnie de Suez, La Générale's French majority shareholder, said it was "highly unlikely" the Belgian holding company would sell its Petrofina stake. If it did, Petrofina's chairman, Mr Albert Frère, who controls some 28 per cent of the group through Groupe Bruxelles Lambert and othar holding companies, would have first refusal.

Given Mr Frère's predilection for shuffling his holdings, this may not be as aure a guarantee of future stability as Petrofina would like the speculators to believe. But it is true that the typically Belgian network of agreements between existing shareholders might deter outside predators.

A more important flaw in the Elf takeover theory is that Petrofina would not fit into the French company's strategy. The activities of the two groups are complementary – Elf is strong in exploration and prodoction, while Petrofina is more heavily committed to refining. But Elf would almost certainly have trouble digesting Petrofina.

A more likely option is a strategic alliance between the two. Strapped for cash and carrying debt of some BFr100bn ($3.02bn), Petrofina is trying to cut operational costs hy BFr3bn this year and raise between BFr5bn and BFr8bn annually from asset sales – meaning strategic partnership rather than outright disposals.

For Petrofina shareholders, such alliances could be their only consolation over the next two years. Consolidated profits in 1992 fell by 72 per cent, from BFr16.3bn to BFr4.6bn, as low crude prices, pressure on refining margins, overcapacity in the petrochemicals sector and an adverse dollar-franc exchange rate all took their toll. The dividend was halved – the first cut since 1959. Moreover, the company is having to take swift and expensive action to upgrade the ageing Ekofisk oil installations in the North Sea. This year, a 7 or 8 per cent increase in oil production is probably the best that investors have to look forward to.

The exploration budget – BFr10bn two years ago – is being cut to less than BFr3bn this year, and some of the work is being farmed out to new partners. Downstream, the group has reined in its US and European amhitions for a wide network of Fina service stations, to concentrate on areas which can he easily and cheaply supplied from existing pipelines and refineries, such as northern France and Germany, or Texas and Louisiana.

The company's real hopes, howaver, are pinned on its BFr29bn investment in the Antwerp refinery, which should allow it to add more value to its oil products, while cutting sulphur emissions and content to levels much stricter than required hy European environmental regulations. The good news is that the project is on schedule to come on stream at the end of 1994. The bad news is that its benefits will not show through in the accounts until 1995.

Under the circumstances, analysts are surprised that the ahare price haa remained so buoyant for so long, but the speculation may continue.

Even Friday's calming statement from Suez prompted a small surge in the share price, based on the fact thaf Elf would be interested in the La Générale stake if it were sold.

For the future, there are new rumours ahout ahadowy Elf "allies", holding stakes of less than 3 per cent and ready to support the French company should it seek to parley with Mr Frère.

SOCIETE Générale de Belgiqne, Belgium's largest holding company, has raised its stake in Générale de Banque, the country's largest bank, from 21 to 26 per cent, writes Andrew Hill.

The purchase of 750,000 of the bank's shares from Fortis, the Belgian-Dntch financial services group, is another step in La Générale's attempt to dilute its exposure to Europe's weak industrial economy.

Fortis, which gronps the activities of AG of Belgium and Amev of the Netherlands, sold almost all its stake in Générale de Banque at the end of last week at below market price, cutting its holding from 14.7 per cent to 1.77 per cent.

Smith New Court placed 1m shares – the largest part of the stake – with 30 international institutional investors. A further 140,000 were acquired by Sofina, a Belgian investment holding company, which now owns a 1.5 per cent stake.

Boots reveals death risk of heart drug

By Paul Abrahame in London

BOOTS, the UK retailer and pharmaceuticals group, yesterday revealed that Manoplax, its beart drug, can lead to significantly higher mortality.

The revelation is a severe blow for the company's pharmaceuticals division, whose executives have described the medicine as ooe of the last hopes for the drugs operation.

Manoplax was predicted as generating sales of hetween £100m and £300m a year.

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Lonrho chiefs differ over future of the Observer

By Roland Rudd and Raymond Snoddy in London

MR Tiny Rowland bas told colleagues that ha does not want to sell the Observer, the UK Sunday newspaper that he has controlled since 1981.

Mr Rowland, joint chief executive with Mr Dieter Bock of Lonrho, the international coo glomerate, believes tbe paper is worth far more to the group in terms of influeoce than the £8m to £9m ($12.2m-$13.8m) it is expected to lose this year. Last year it lost £14.9m.

Mr Bock, Lonrho's higgest shareholder with 18.8 per ceot, has decided to sell tha Observer and is balieved to have the support of of other directors.

Mr Rowland's reluctance to sell the paper, desplte blds from both Newspaper Publishing, publishers of rival The Independent and its Sunday stablemate, and The Guardian, could mark the first trial of strength between the two chief executives.

One of Lonrho's financial advisers yesterday said Mr Bock is determined to dispose of the Observer. Mr Paul Spicer, Lonrho's deputy chairman, declined to commeot.

Shareholders seek SE Banken shake-up

By Hugh Carnegy in Stockholm

SWEDEN'S small shareholders, fresh from a successful campaign for greater openness at Volvo, are pressing for a shake-up of the board at Scandinaviska Enskilda Banken, the country's biggest bank, which was forced to seek state support after running up an operating loss of SKr5.3bn ($705m) last year.

Having forced Mr Pehr Gyllenhammar, chairman of Volvo, to reveal details of hitherto secret executive salaries last week, Aktiespararna, tha 65,000-member national shareholders association, switched its attention to what it sees as a failure of board control at SE Banken, in which the Wallenberg family, Sweden's premier corporate dynasty, is tha senior shareholder.

Aktiespararna will call at the SE Banken annual meeting today for a committee of shareholders to be set up to appoint a new board "able to guide the bank through the hard times still to come."

It wants to postpone formal approval at the meeting of the present board's actions last year to give shareholders more time to decide where responsibility lies for the 1992 loss.

Mr Lars Milberg of Aktiespararna said shareholders should not be expected to absolve the board of blame for the losses. "We are not saying we have no confidence in all of the board now, but the presumption is that the board is responsihle for the losses."

He said his association wanted to see large institutional shareholders exert greater control to stop "companies ruling themselves" and to help prevent the kinds of heavy deficits which SE Banken and Volvo have incurred.

The top three figures on the SE Banken hoard are Mr Curt Olsson, the chairman, Mr Peter Wallenberg, the first depnty chairman, and Volvo's Mr Gyllenhammar, the deputy chairman. SE Banken paid no dividend last year after it was plunged into the red by loan losses of SKr10.9bn. It reported that its portfolio of douhtful loans had tripled to SKr28.9bn largely due to exposure to Sweden's crippled property market.

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Coca-Cola buys 30% stake in Mexican bottler

By Damian Fraser in Mexico City

FOMENTO Ecooomico Mexicano (Femsa), the largest Mexican beverage and bottling company, has agreed to sell 30 per cent of its soft drinks division to Coca-Cola for $195m.

Femsa owns the Coca-Cola franchise in Mexico City, the largest such franchise in the world.

Coca-Cola's purchase ties in with its strategy of buying minority stakes in bottling companies throughout the world as a way of increasing management control and expanding into high-growth markets.

The soft drinks division of Femsa accounted for about 25 per cent of the overall group's revenue of $2.12bn last year. The Coca-Cola brand has about 50 per cent of Mexico's soft drinks market, with Pepsi, the main rival, having 21 per cent.

Femsa is expected to separate the soft drinks division from the rest of the company when the transaction is completed.

Mr Othon Ruiz, chief executive of Femsa, said earlier this year that the new company would be an anchor bottling operation for all of Latin America, and was likely to be awarded new franchises, both in and out of Mexico.

Femsa took on considerable debt about 18 months ago when its principal shareholders bought a 56 per cent stake in Bancomer, Mexico's second-largest bank, for $2.88bn (after interest). Since then, Femsa has sold its mineral water division to Cadbury Schweppes for $325m. The latest divestment will allow Femsa further to reduce debt.

Mr Carlos Laboy, an analyst with James Capel in New York, said the purchase was "in some respect a defensive measure against the recent consolidation of Pepsi Cola in Mexico." Grupo Embotellador de Mexico, the largest Pepsi bottler outside the US, recently completed a $190m stock offering to help finance its move into south-east Mexico.

Femsa is also looking for a partner for its beer division, with Miller of the Philip Morris group tipped as a possible buyer. Philip Morris has a 7.9 per cent stake in Femsa.

Du Pont earnings up 12% in first quarter

By Alan Friedman in New York

DU PONT, the leading US chemicals group, yesterday reported first-quarter 1993 net profits of $493m, or 73 cents per share, a 12 per cent increase on the $439m, or 64 cents, of income recorded before special charges were taken a year ago.

In the first quarter of 1992, Du Pont recorded a net loss of $4.4bn due to non-cash accounting charges.

With these charges and one-time credits stripped out of the quarters for both years, Du Pont's net income was 20 per cent higher in 1993.

The company's revenues of $9.07bn in the first three months of 1993 were down by $90m, or 1 per cent, due to reduced sales and selling prices in areas of the group other than petroleum.

Mr Edgar Woolard, chairman of Du Pont, said the earnings performance was better, notwithstanding the slow US economic recovery and very weak market conditions in Europe.

"The improvement results from better petroleum earnings as well as from cost-reduction and restructuring efforts that are paying off," he explained.

The Conoco petroleum division had earnings that were 77 per cent higher in the quarter at $200m.

This was due to higher crude oil and natural gas production outside of the US and lower exploration costs.

The chemicals division's earnings were 17 per cent better at $69m. Fibre earnings were down by 25 per cent at $102m. Polymer division earnings were 10 per cent lower at $77m. The diversified businesses unit improved earnings by 13 per cent to $107m.

Looking ahead, Mr Woolard said the extent of the improvement in the full-year results would depend on the timing and magnitude of an economic upturn in western Europe.

On Wall Street, Du Pont's share price was $1¼ higher at $53⅝ before the close.

Mitsui expands pharmaceutical interests

By Robert Thomson in Tokyo

TOYAMA Chemical, a mid-ranking Japanese pharmaceuticals company, and Mitsui Pharmaceuticals yesterday announced they are to merge, expanding the Mitsui group's influence in the Japanese drugs market.

The deal involves one Y500 share in the private Mitsui Pharmaceuticals being swapped for 10 Toyama Chemical shares of Y50 par value. The merged company, to be formed on October 1, will be capitalised at Y18bn ($162.6m).

While the new company is supposed to be owned equally by Toyama Chemical and Mitsui Pharmaceuticals, the merger is essentially a takeover by Mitsui group companies.

Mitsui Toatsu, a chemicals company with an 80 per cent stake in Mitsui Pharmaceuticals, will have a 23 per cent stake in the new company.

The deal shows the influence of keiretsu, or corporate families, in Japan. It was arranged by Sakura Bank, the core institution of the Mitsui group, which had a 4.9 per cent stake in Toyama, a common level of shareholding for a main bank in Japan.

Toyama, strong in antibiotics, has struggled in an increasingly competitive Japanese market, and reported a pre-tax loss of Y6.3bn in the year to the end of November 1991, though it made a profit of Y3.6bn last year after a recovery in sales.

The Japanese government is gradually lowering drug prices under a national health insurance scheme, putting pressure on the industry to restructure.

Meanwhile, the Mitsui group has been attempting to build a pharmaceuticals operation comparable to the large companies run by the Sumitomo and Mitsubishi keiretsu groups.

Sales at Mitsui Pharmaceuticals last year were Y20.8bn, less than half those of Toyama Chemical, and well below the Y422bn last year at Mitsui Toatsu, which has a broader based business including industrial chemicals and plastics.

Before October 1, Mitsui Pharmaceuticals will issue 3m new shares to facilitate the swap.

The two companies have already made their first profit forecast, suggesting sales in the year to end-March 1994 will be Y60.5bn, rising to Y75bn in the following year, while pre-tax profit will rise from Y4.5bn to Y5.5bn over the same period.

Big Blue looks to 'outsider' to add drive

Louise Kehoe considers the challenges facing the new head of IBM's data storage arm

INTERNATIONAL Business Machines is cutting its corporate apron strings and has appointed an "outsider" as chief executive to accelerate the transformation of its $6.1bn data storage products operation.

The aim is to turn the division into an aggressive competitor in the booming computer disk drive market.

Last week IBM, known in the industry as "Big Blue", established Adstar, its data storage products division, as a "totally independent" subsidiary.

The company also announced the appointment of Mr Ed Zschau, founder of Systems Industries, a Silicon Valley data storage company and a former Republican congressman, as Adstar chairman and chief executive.

Adstar has become a testbed for IBM's strategies to return its key businesses to profitability by blending entrepreneurial spirit and vision with the scale, technology and manufacturing resources of its established operations.

Mr Zschau has been charged with speeding up the transformation of Adstar from a predominantly in-house supplier of data storage systems for IBM mainframe computers into a leader in high-growth and emerging data storage markets, said Mr Jack Kuehler, IBM vice-chairman.

Mr Zschau's appointment follows that of Mr Louis Gerstner, former chairman of RJR Nabisco, who took over on April 1 as chairman and chief executive of IBM. The changes at Adstar were in the works before Mr Gerstner's arrival, but he "enthusiastically endorsed" the plans, said Mr Kuehler.

Adstar, which for the past year has been an "independent business unit", will win even greater autonomy as a wholly-owned subsidiary, said Mr Kuehler.

However, IBM has no plans to sell off all or part of Adstar, he said. "Adstar is one of our most profitable entities. We want to keep it."

In 1992, the first year for which Adstar's financial results were reported separately, it recorded net earnings of $247m before a $512m restructuring charge.

However, more than 90 per cent of Adstar's sales last year were "intra-company", and its flagship products address the shrinking market for data storage systems that work with IBM's mainframe computers.

Nevertheless, Adstar remains the world's largest manufacturer of computer data storage products, and over the past 40 years it has claimed numerous technology breakthroughs, including the invention of the "Winchester" disk drive, the forerunner of today's personal computer "hard drive".

Yet, like IBM as a whole, Adstar faces technology trends that could undermine its business.

Standard, low-cost disk drives used in personal computers are becoming the building blocks for high volume data storage systems for use with mainframe computers, replacing the proprietary systems that Adstar builds.

Jack Koehler: IBM vice-chairman says no plans to sell off Adstar

Price competition has forced Adstar to retrench. Last month, it closed its manufacturing operations in Rochester, Minnesota, with the first compulsory lay-offs in IBM history.

The cuts also affected three European plants, including IBM's manufacturing operations in Havant in the UK, and one plant in South America.

All have been designated as "industrial business centres" by IBM and have to find new customers if they are to remain in operation.

"We have to refocus investments where the growth opportunities lie – in disk drives for workstations and personal computers, as well as on information technology applications of data storage," said Mr Kuehler.

The latter may represent Adstar's biggest opportunity. "We forecast a market that is five to 10 times bigger than today's $50bn data storage market," says Mr Ray AbuZayyad, an IBM veteran who has served as general manager of Adstar for the past three years and who was named president of the subsidiary last week.

Adstar must find ways to exploit the changes underway in the data storage market, Mr Zschau maintains.

New applications of computing in the home and in the car – such as video telephones, home information services, cable television "movies on demand", and maps and on-line traffic information for the driver – will all require data storage products, he predicts.

Adstar will "skate where the puck is going to be, not where it is," adds Mr Zschau, using an ice-hockey metaphor.

Adstar also aims to sell "components" of data storage technology – including semiconductor chips, software programs or other elements of data storage – that could be licensed to other disk drive manufacturers.

IBM's competitors in the disk drive market may be more willing to buy from IBM now that Adstar is an independent subsidiary, Mr Kuehler suggests.

For its part, Adstar will no longer have any qualms about trying to market its products to IBM competitors in the personal computer, workstation or other computer market segments.

"I don't know the things I'm not supposed to do, and I don't want anyone to tell me," says Mr Zschau. This, he suggests, is the advantage of being an "outsider".

Goodyear ahead of forecast with $87m

By Karen Zagor in New York

GOODYEAR Tire & Rubber, the last US-owned tyre group, posted better-than-expected first-quarter earnings of $87.1m, or 60 cents a share, against a forecast $83m to $86m.

A year earlier, underlying income was $66.1m, or 47 cents, excluding the cumulative effect of accounting changes. Including the changes, it had a net loss of $944.5m, or $6.67. Earnings per share have been restated to reflect a two-for-one stock split effective May 4.

Mr Stanley Gault, chairman, said the company achieved higher operating earnings despite "economic confusion in the US with a new administration, a lingering recession in Europe, and what is normally the tyre industry's slowest sales period."

He attributed the improvement to production efficiencies and lower selling, administrative and general expenses as a percentage of sales. The company also cut interest costs.

In the 1993 quarter, worldwide tyre unit sales rose 9 per cent and revenues advanced 4.6 per cent to $2.4bn.

In the general products segment, operating income fell 18 per cent to $43.4m on sales 15.2 lower at $411.4m, reflecting the sale of polyester resin and industrial and commercial films operations.

Increase at Cummins underlines turnround

By Martin Dickson in New York

CUMMINS Engine, the world's largest independent manufacturer of diesel engines, yesterday announced a big increase in first-quarter earnings and forecast the second quarter would be even better.

The figures underscore the turnround at the company, which suffered severely when the US truck market was hit by the 1991 recession. It reported net earnings of $41.1m, or $2.24 a share, on sales of $1.05bn, compared with earnings of $3m, or 20 cents, on sales of $881.3m in the same period of last year, excluding accounting changes.

The figures were better than the $2-a-share earnings forecast at the start of this month by the company at its annual meeting.

Cummings said it expected that "second-quarter sales and earnings will exceed those of the first quarter, assuming economic conditions do not deteriorate."

It said its mid-range engine sales continued to grow as the company finished its third quarter of shipments to Ford Motor for its medium truck range.

Bus and light commercial vehicle business improved significantly, mainly due to demand for the Dodge Ram pick-up, which is powered by Cummins' B series engine.

There was also a substantial increase in engine shipments to North American heavy truck market.

Results were also helped by the company's drive to improve operating efficiencies and reduce costs.

Sales in certain international markets, particularly the UK, remained depressed, however.

Schneider advances despite losses at Spie

By Alice Rawsthorn in Paris

SCHNEIDER, the French electrical engineering and construction group, mustered a modest increase in net profits to FFr305m ($56.2m) in 1992 from FFr275m in 1991, in spite of continued losses at Spie-Batignolles, its construction subsidiary.

The group, which was also affected by the cost of servicing the debt amassed in its acquisition of Square D, the US construction company, indicated that it anticipated another difficult year. It said that the past few months had "definitely been more sluggish" than most of 1992.

Schneider last year managed to counter the competitive economic climate by raising capital in asset sales and through improved performances from Square D and Merlin Gerin, its electrical distribution business. Although Spie remained in the red, it did succeed in reducing its net loss to FFr274.3m from FFr952.2m.

Group sales rose to FFr61.4bn from FFr58bn. However, Schneider swung from an exceptional credit of FFr201m to an exceptional loss of FFr24m over the same period, due to FFr400m of new provisions and amortisation charges, most of which were at Spie. Schneider compensated by making FFr220m from asset sales and the settlement of doubtful foreign debts.

The group is continuing with asset sales in an attempt to further reduce borrowings, following last year's 10 per cent decrease to FFr2.4bn. It recently agreed to sell Jeumont-Schneider, its electrical components subsidiary, to Framatome, the French nuclear reactor group. Schneider has also transferred part of its debt into convertible bonds.

The company plans to alleviate the financial pressure on Spie-Batignolles by buying 50 per cent of the latter's Spie-Trindel electrical installation subsidiary. Terms of the deal have yet to be finalised.

Falling metals prices push Asarco to loss

By Laurie Morse in Chicago

ASARCO, the integrated US copper producer, reported a first-quarter loss of $30.9m, or 74 cents a share. A slide in metals prices and damage from heavy rain at its biggest Arizona copper mine contributed to the loss.

The company reported a profit of $6.4m, or 16 cents, excluding special accounting charges. Sales were $457.1m, down from $458.9m last time.

Asarco's average realised copper price fell to 99 cents a pound in the first three months of the year, from $1.01 a year ago.

Lead prices dropped to 20 cents, from 25 cents; zinc prices to 47 cents, from 53 cents; and Asarco's average realised price for gold sank to $334.86 an ounce, from $373.06.

Since the quarter's end, copper prices have continued to slide, and this would affect second-quarter results, the company said. Lower metals prices accounted for an after-tax operating earnings decline of $6m in the first quarter.

A scheduled 30-day maintenance shutdown of Asarco's smelter in Hayden, Arizona, cost the company about $7m in first-quarter earnings, while effects of heavy rains, which continued through late February, cost about $20m after-tax in damage and production losses.

During the quarter, Asarco opened a new copper smelter in El Paso, Texas, which is expected to reach full capacity of 110,000 tons of copper concentrates later this year.

● Phillips Petroleum reported a first-quarter profit, compared with a loss a year ago, higher oil and natural gas prices, Reuter reports. Excluding special items, it had first-quarter earnings of $57m, compared with loss of $29m a year earlier.

This year's profit included a $22m workforce reduction charge, part of continued efforts to control costs. Last year's first-quarter loss included a $82m charge relating to job cuts.

In the latest quarter, upstream operations recorded higher earnings, while refining, marketing and chemicals remained under pressure.

Profits at Italgas fall to L81bn as sales weaken

By Haig Simonian in Milan

ITALGAS, the Italian gas and drinking water group, reported a L10bn fall in net profits to L81bn ($53m) for 1992 following weaker sales which easad to L3,381bn from L3,353bn.

The company blamed the mild winter, which bad reduced gas demand, and higher tax. It is holding the dividend at L100 a share.

Earnings were also held back by the freezing of gas prices, which have not been raised since July 1991. Mr Carlo Da Molo, chairman, warned that an increase in charges, even below the rate of inflation, was now "indispensable".

Italgas's client base rosa by 155,000 units to 4.5m, thongh the volume of gas sales remained little changed.

Sales in the drinking water business area grew more sharply, with a 10 per cent increase in water supplies.

Italgas continued its diversification into refuse disposal, its still little developed, business division, with the purchase of a 49 per cent stake in Aimeri. The company is the leading private operator in the field.

Although net interest charges fell markedly to L18bn from L51bn in 1991, the company reported a substantial downturn in extraordinary items owing to the devaluation of the lira.

● Dalmine, the stock market listed steel tubemaker controlled by the Ilva state steel concern, reported a rise in net group profits to L5.6bn last year from L5bn in 1991 in spite of the crisis in the European steel industry.

The company, in which Ilva controls about 69 per cent of the shares, is set to be privatised under the latest rescue plan for group, which lost L2,309bn in 1992.

BBV returns to growth with 4.4% rise in quarter

By Tom Burns in Madrid

BANCO BILBAO Vizcaya (BBV), Spain's biggest banking group, raised first-quarter net income by 4.4 per cent to Pta17bn ($147m), indicating a return to growth following a fall in income last year.

Operating profit rose 7.3 per cent to Pta36.7bn and ordinary profit rose 10.4 per cent to Pta21.8bn. Last year, the group's net profits were held in check by a 42 per cent drop in extraordinary income.

BBV claimed that it was continuing its 1992 trend of increasing its share of the banking sector's deposits and borrowed funds. Customer deposits stood at Pta6,200bn, 10 per cent up on the first three months of last year.

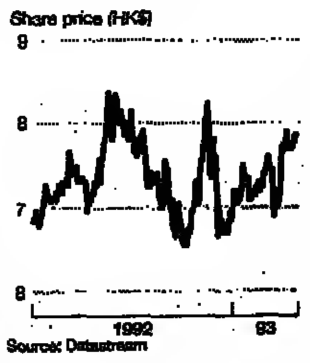
The results were moderate in comparison with the 8.1 per cent and 6.1 per cent first-quarter profit rises that were reported last week by Banco Santander and Banco Popular respectively, but they were welcomed by analysts.

"If BBV's operating profit continues to grow, the bottom line will not drop this year and the quality of results will improve," said one analyst yesterday.

● The state-run Spanish electricity utility, Empresa Nacional de Electricidad SA (Endesa), said its net profit rose 10 per cent to Pta33.1bn in the first quarter of 1993.

Harbour Centre Development

Share price (HK$)



Source: Datastream

Wharf bids for hotel subsidiary's minorities

By Simon Holberton in Hong Kong

WHARF, the diversified Hong Kong conglomerate, is to bid HK$1.22bn (US$158m) for the minorities in Harbour Centre Development, its listed hotels subsidiary which operates the Omni chain of hotels.

Wharf already owns 56 per cent of Harbour Centre, with the Kadoorie family owning 10.7 per cent through Hongkong and Shanghai Hotels and the remaining 33.3 per cent in the hands of the public.

Wharf will bid HK$9 a share cash. This represents a 15 per cent premium on Harbour Centre's pre-bid price of HK$7.87, but a substantial discount on the company's net asset value.

This ia reckoned to be HK$12.83 a share by Baring Securities and HK$11.90 a share by Wardley James Capel. A simple average of the two valuations – HK$12.36 – means Wharf's offer is at a discount of 27 per cent.

Wharf has funded the offer by placing 65m shares at HK$19.50 each witb institutions. This raised HK$1.27bn.

Harbour City has embarked on a recent series of acquisitions in the US and Wharf said yesterday that it considered funding for these projects wonld be snbstantially enhanced if Harbour City were to become wholly-owned.

Five resign from Hyogo Bank board

By Robert Thomson in Tokyo

FIVE board members resigned yesterday at Hyogo Bank, a local Japanese bank, taking responsibility for the institution's deteriorating bad loan burden, reportedly the worst among regional Japanese banks.

Mr Minoru Yamada, the bank's president, is among those to resign, and will be replaced by Mr Masateru Yoshida, a former director-general of the banking bureau at the ministry of finance.

The appointment of a former official of Mr Yoshida's calibre highlights the difficulties at Hyogo Bank, based in the western city of Kobe. The bank was crippled by its lax control over financial affiliates, which pumped funds into property-related projects during the late 1980s.

Hyogo has become a symbol of the over-ambitiousness of some Japanese regional banks, which expanded beyond their home territory during the late 1980s and were big lenders to property developers and, in some cases, stock market speculators.

However, Hyogo was not alone in using so-called "non-bank affiliates" to cultivata customars outside the traditional range. Much of the bad loan burden faced by big city banks is also linked to the lending of affiliates.

The bank's 10 largest affiliates have outstanding loans of Y1,600bn, and an increasing percentage of these loans are turning bad. Hyogo has also accepted reduced interest payments from customers which have avoided collapse, but which are in need of intensive care.

The extent of Hyogo's problems are such that the Bank of Japan has pumped in loans at the official discount rate, now 2.5 per cent, allowing the troubled bank to profit from the difference in market rates. Central bank officials were concerned that there could be a run on Hyogo after its deposits fell 18.5 per cent in the first half last year.

Hyogo is expected to announce another restructuring programme tomorrow as the present plan, scheduled to last until 2002, has been unable to stabilise the bank. Apart from Mr Yamada, who announced the resignations, Mr Nobuo Ishikawa, the vice-president, and Mr Tamenobu Nakatsu, senior managing director, will leave the bank.

Toshiba sells audio unit stake

By Michiyo Nakamoto in Tokyo

TOSHIBA, the Japanesa electronics manufacturer, has sold its 69 per cent stake in Onkyo, a specialised audio manufacturer, tbe company said.

The decision to sell the stake in Onkyo highligbts the restructuring that is in progress among Japanese corporations and the pressure that the domestic slowdown is putting on traditional equity relationships in Japan.

Toshiba sold its holding in Onkyo to the president of a medium-sized manufacturer of auto parts who expressed interast in buying tbe stake through an M&A firm affiliated with Nomura Securities.

Onkyo is an established audio manufacturer which has suffered from the downturn in the consumer electronics market both in Japan and in other industrialised economies.

Toshiba had been attempting to restructure the business. Last year, it made a net loss of Y320m ($2.89m) and a programme to cut costs by reducing its workforce, moving out of unprofitable businesses and increasing orders from Toshiba was outlined last July.

However, Onkyo is expected to raport a 12 per cent drop in sales to Y45bn in tbe year ended 993 and a loss for the period.

Toshiba will continue to support Onkyo by marketing the audio-makers' producta through its own retail store network. Financial assistance and a loan made to Onkyo will also be continued, Toshiba said.

The move by Toshiba reflects a changing attitude among Japanese corporations on equity relationships as the economic slowdown pnts increasing pressure on them to offload unprofitable businesses. It points to the likelihood of an accompanying increase in possibilities for mergers and acquisitions opening up in Japan.

ABB acquires 40% interest in Indian group

By Shiraz Sidhva in New Delhi

ASEA Brown Boveri, the Swiss multinational, has acquired 40 per cent of Taylor Instrument (India), the Indian instrumentation company owned by the Birla group.

The deal leaves the Birlas owning 41 per cent of the venture, to be called Birla Kent Taylor Instrument. The remaining 19 per cent will be held by the government-owned Unit Trust of India and the Life Insurance Corporation.

The Indian company, which has a turnover of Rs600m ($19m) and an equity base of Rs15m, will use its tie-up with ABB to increase exports. Officials say the company's turnover should touch Rs800m in tha next two years.

● Century Textiles and Industries, the textiles, cement and shipping group owned by the Birlas, reported a 28 per cent fall in pre-tax profits to Rs1.74bn for the year ended March, 1993 on sales 9 per cent ahead at Rs11.97bn, writes R.C. Murthy in Bombay.

The operations of Century Rayon, the group's synthetic fibre division, have been partially closed following criminal charges over alleged pollution from a plant near Bombay.

DnB opens talks over Oslobanken

By Karen Fossli in Oslo

DEN NORSKE BANK, Norway's biggest commercial bank, has opened talks aimed at acquiring Oslobanken, the troubled Oslo-based concern.

Oslobanken warned last month that it would fall short of capital adequacy requirements during the first quarter, and its shares were suspended.

DnB, which is 70 per cent state-owned, said earlier this month it was not interested in acquiring Oslobanken, but the state-backed Bank insurance Fund has urged DnB to reconsider to at least acquire part of Oslobanken. In the meantime, the central bank is prepared to provide liquidity support to Oslobanken.

DnB has initiated a due diligence process before deciding on an Oslobanken move. Oslobanken is expected soon to report poor quarterly results. In 1992, it made a pre-tax loss of NKr108m ($16m) following a big reduction in credit losses.

● Fokus Bank, Norway's third-biggest commercial bank which the state acquired last year, reports its first profit in four years. First-quarter net profit was NKr36.7m, against a loss of NKr137.6m last year, after cutting losses on loans and guarantees to NKr98.9m from NKr246.9m and reducing operating expenses by NKr100.2m to NKr229.2m.

● Vard, the cruise and ferry group, reports first-quarter losses, before taxes and extraordinary items, of NKr127.3m, up from NKr44.6m last year. Vard warned that its cruise business could be heading for an overall loss in 1993.

Japanese department stores group in first loss

By Charles Leadbeater in Tokyo

SEIBU, the Japanese department store group, announced yesterday that sales had fallen below those of Mitsukoshi, its main rival, for the first time in five years.

Seibu, which is privately owned, took the unprecedented step of publishing a financial report. It announced it had mada its first ever pre-tax unconsolidated loss in the year to end-February. It was the first loss at the group since its founding in 1940.

The loss was mainly due to a scandal involving medical equipment, which forced Seibu into an extraordinary loss of Y19.7bn ($175m). It covered the loss by selling Y35bn worth of fixed assets.

Sales were 12.3 per cent down from tha previous year at Y790.1bn. Operating profits were Y7.6bn and the pre-tax loss came to Y10.4bn.

Fletcher arm trims deficit

FLETCHER Challenge Canada, 63 per cent owned by Fletcher Challenge, the New Zealand conglomerate, reports a sharp reduction in third-quarter losses to C$6.7m (US$5.3m) compared with C$24.3m for the same period last year, writes Terry Hall in Wellington. Sales rose 39 per cent to C$318.6m.

Mr Doug Whitehead, president, said the result reflected substantially improved market conditions for solid wood products, better prices for lightweight paper and higher sales volumes for newsprint. The improvement in results would have been even better but for a deterioration in pulp prices.

For the nine months ended March 1993, net losses were C$30.3m, up from C$23.4m. The 1992 results included a non-recurring after-tax gain of C$35.3m.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 27.04.93: Pool purchase price (£/MWh)	Final Prices for Trading on 28.03.93: Pool purchase price (£/MWh)	Pool selling price (£/MWh)
0030	18.46	17.54	17.54
0100	18.11	17.51	17.51
0130	18.74	18.14	18.14
0200	40.25	18.13	18.13
0230	40.25	20.70	22.72
0300	23.00	20.61	23.82
0330	18.74	23.13	23.82
0400	18.70	18.13	18.13
0430	18.54	18.11	18.11
0500	18.50	17.64	17.64
0530	18.49	18.13	18.13
0600	18.48	17.97	17.97
0630	18.63	17.89	17.89
0700	24.54	18.25	18.25
0730	25.47	23.63	25.74
0800	28.67	28.11	31.28
0830	35.11	31.82	35.16
0900	35.17	31.47	35.17
0930	27.40	24.21	27.31
1000	27.40	26.77	29.98
1030	26.94	26.77	29.98
1100	26.98	26.77	29.98
1130	27.43	26.77	29.66
1200	27.45	26.77	29.98
1230	27.42	26.77	28.90
1300	27.35	24.21	27.30
1330	27.28	24.17	27.24
1400	25.48	24.17	26.75
1430	25.48	23.48	26.38
1500	25.48	23.60	26.63
1530	28.47	23.62	26.50
1600	25.48	23.28	26.30
1630	27.28	23.62	26.50
1700	34.28	30.45	34.09
1730	34.35	30.45	33.70
1800	34.34	30.45	33.73
1830	28.46	17.72	18.72
1900	25.40	18.16	18.16
1930	25.40	18.17	18.17
2000	19.00	18.00	26.00
2030	19.00	28.00	31.27
2100	33.81	28.00	31.18
2130	35.00	28.00	31.18
2200	35.00	27.12	30.31
2230	25.92	22.84	25.21
2300	25.52	21.04	24.57
2330	25.32	17.84	17.84
2400	19.00	17.59	17.59

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. The relevant prices for each half-hour period are: the Pool Purchase Price and the Pool Selling Price. Explanatory material is contained in the Pooling and Settlement Agreement. Further information should be obtained from your adviser.

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Italian rally greets easing of political uncertainty

By Jane Fuller in London and Patrick Harverson in New York

ITALIAN government bonds rallied yesterday as the market welcomed the appointment of Mr Carlo Azeglio Ciampi, governor of the Bank of Italy, as prime minister designate.

The half-point advance – with the BTP futures contract up by 47 basis points to 97.22 – was fuelled partly by relief at the end to uncertainty after the resignation of Giuliano Amato's government last Thursday and partly by the market's approval of Mr Ciampi.

He is regarded as a strong defender of the lira and as leading weight to efforts to cut the budget deficit. His lack of political experience was seen as an advantage by some.

GOVERNMENT BONDS

■ GERMAN government bond prices fell by nearly half a point on concerns over disappointing inflation figures and anxiety over the situation in Bosnia.

Inflation was at the high end of expectations – in Hesse, the rate rose to 5 per cent. Last week's cuts in the Lombard and discount rates have diluted interest in today's announcement on the repo rate, expected by some dealers to fall below 8 per cent.

■ THE PROSPECT of further interest rate cuts in France is dominating the French government bond market, helping the shorter end to hold up quite well while demand is thin for longer-dated stock. This was reflected in a widening of spreads between French and German 10-year benchmarks, while the short end – bonds due 1994, for instance – saw a narrowing in yield spreads.

■ IN THE UK, news of a third quarter of growth in gross domestic product caused few ripples in the UK government bond market. Excluding oil and gas, a rise of 0.6 per cent, compared with the fourth quarter of 1992, was seen as confirming that economic recovery is under way.

Economists have turned their attention to the associated potential drawbacks: rising inflation rates, growth in the trade deficit and the possibility that the next move in interest rates will be up rather than down.

Bearish tendencies have been to the fore ahead of tomorrow's auction of £3bn of 7¼ per cent bonds due 1998. But, with a pattern established of prices making up some lost ground before each day's close, there is clearly support at the cheaper levels.

Both the 7¼ per cent gilt due 1998 and the 9 per cent gilt due 2008 ended the day less than ¼ point down after losing nearer half a point in the morning.

■ THE Spanish bond market's worries, centring on the continued attack on the peseta, were intensified by reports of the Bank of Spain's low reserves. This has raised the spectre of a reimposition of exchange controls which caused a flight from the bond market last autumn.

■ US TREASURY prices eased at the long end yesterday, but shorter-dated maturities mostly held their ground as dealers and investors kept a watchful eye on higher precious metals and commodity prices.

By midday, the benchmark 30-year government bond was down ⅜ at 103⅝, yielding 6.818 per cent. At the short end of the market, the two-year note was only slightly weaker, down ⅛ at 100⅛, to yield 3.738 per cent. Trading was extremely quiet, said dealers.

The recent rise in gold prices has unnerved the bond market. Investors reportedly have been moving into gold as a safe haven during uncertainty over the outcome of the referendum in Russia. Separately, the market was also worried by a small uptick in the Commodity Research Bureau's index of commodity prices.

On the economic front, news of a 2.9 per cent decline in March existing home sales had little impact on sentiment. Again, the weakness in the data was attributed primarily to the effect on the housing market of last month's severe winter storms.

Another factor depressing longer-dated prices yesterday was awareness of upcoming supply pressures, in the shape of today's auction of $15.25bn in two-year notes, and tomorrow's auction of $11bn in five-year notes.

■ THE JAPANESE government bond market remained quiet in the absence of new data and ahead of the Golden Week holidays which start on Thursday.

Economists said the fundamentals remained favourable to bonds. Economic weakness, including fears that the strong yen would undermine recovery, was expected to show through in retail sales figures, out today, and in flat levels of industrial production. On Friday, inflation figures may show rates of less than 1 per cent.

Meanwhile, the bond market is underpinned by the strength of the currency and the recent recoil in the equity market.

FT FIXED INTEREST INDICES

	April 26	April 23	April 22	April 21	April 20	Year ago	High *	Low *
Govt Secs (UK)	00.52	95.72	00.58	95.99	95.89	88.53	98.04	93.28
Fixed Interest	111.70	111.62	111.60	111.00	111.80	102.53	113.83	106.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	April 23	April 22	April 21	April 20	April 19
Gilt Edged Bargains	114.3	130.8	121.8	125.8	113.1
5-Day average	121.2	120.4	118.5	115.7	111.2

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		8.500	08/03	114.2149	-0.008	7.49	7.45	7.90
BELGIUM		9.000	03/03	109.8500	-0.600	7.56	7.80	7.56
CANADA *		7.250	06/03	99.4000	-0.050	7.33	7.31	7.53
DENMARK		8.000	05/03	102.7700	-0.005	7.59	7.68	8.04
FRANCE	BTAN	8.000	05/98	104.8447	-0.047	8.87	8.94	8.97
	OAT	8.500	04/03	109.2000	-0.320	7.19	7.07	7.29
GERMANY		7.125	12/02	102.8900	-0.465	8.65	6.56	6.62
ITALY		11.500	03/03	94.7300	+0.505	12.82†	13.11	13.05
JAPAN	No 119	4.000	06/99	103.3686	-0.103	4.11	4.20	4.36
	No 145	5.500	03/02	108.4931	-0.213	4.19	4.26	4.28
NETHERLANDS		7.000	02/03	102.6700	-0.350	6.56	6.50	6.09
SPAIN		10.300	06/02	93.1228	-0.050	11.54	11.44	11.49
UK GILTS		7.250	03/98	100-20	-7/32	7.96	7.00	6.73
		8.000	06/03	100-09	-10/32	7.98	7.83	7.79
		9.000	10/08	105-17	-11/32	8.35	8.27	8.33
US TREASURY *		6.250	02/03	102-18	-10/32	5.90	5.88	6.05
		7.125	02/23	104-01	-12/32	6.81	6.79	6.92
ECU (French Govt)		8.000	04/03	102.8000	-0.080	7.58	7.54	7.58

London closing, * denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Argentina looks for up to $11bn

The country is exploiting its higher standing, reports John Barham

ARGENTINA is returning to international financial markets in force. The country – or its private sector, since companies are doing most of the fund-raising – is expected to raise between $8bn and $11bn in foreign capital to cover this year's current account deficit. Last year, it raised about $8bn.

Argentine companies last year sold bonds worth $1.91bn on local and international markets, nearly twice as much as in 1991. In the first quarter of this year alone, companies raised a further $1.43bn through bond sales. Officials at the Comision Nacional de Valores (CNV), the capital markets watchdog, believe a further $3bn of corporate debt could be placed this year locally and overseas.

Argentine companies are turning to foreign debt markets because international interest rates are lower and maturities longer than locally. Deregulation in Argentina also allows companies to sell paper in local and international markets simultaneously.

Foreigners have bought about $1.8bn in shares listed on the Buenos Aires stock exchange since 1991. Last year, three companies raised another $1.52bn through international equity placements, including American Depositary Receipts. CNV officials say companies could raise another $1bn through local and international equity programmes this year.

Privatisation issues will remain a leading attraction for overseas capital. The government hopes an initial public offering this summer of half of YPF, the national oil company, will raise at least $2bn. The government could raise another $2.5bn to $4bn through the sale of minority stakes in companies already privatised. Last year, privatisations attracted $4.12bn from abroad.

Argentina's standing in financial markets has improved steadily. On April 7, the government and creditor banks reached agreement on reducing its $29bn bank debt. Actual interest payments rose because the government was previously servicing only part of its debt, but the agreement enhanced Argentina's status and was expected to help to further reduce risk premiums on new Argentine borrowings.

But some investors are impatient over often insufficient and sometimes misleading information companies provide. Analysts warn companies could find raising money more difficult unless business dealings become more transparent.

Analysts say loose accounting regulations allow companies to hide profits from minority shareholders and tax authorities. Complex shareholding structures can conceal a company's real owners. Inadequate balance sheets make it hard to monitor management. Estimating real liabilities and assets is equally difficult.

The CNV is trying to improve management accountability. It recently ordered Perez Companc, Argentina's third-largest listed company, to restate its 1992 accounts because the CNV suspected it of concealing profits.

The CNV also ticked off Molinos Rio de la Plata, part of the Bunge y Born food giant, for not explaining adequately an item in its accounts called "payments to third parties" that consumed nearly $26m in the second half of 1992 – about 6 per cent of turnover.

Some companies may already be finding it harder to raise money overseas. Bunge y Born recently had to pull a unit's international share offering after poor investor reaction.

Investors hope Argentina will follow Chile and Mexico, which are cutting down on abuses. Mr Martin Redrado, CNV president, says this is happening. He says: "There is less [manipulation] now than a year ago, and in a year's time there will be even less."

The government hoped proposals for a private pension fund system would add depth to local capital markets. But the proposals are being diluted in Congress, meaning Argentina's reliance on foreign capital will continue.

Strong demand underpins more French franc issues

By Sara Webb

THE Eurobond market continues to see a steady stream of French franc issues as borrowers try to take advantage of lower interest rates and strong investor demand.

Yesterday, the European Coal and Steel Community launched a FFr1.5bn 10-year

INTERNATIONAL BONDS

Eurobond and Deutsche Bank Finance launched a FFr2bn bond with a three-year maturity. The deals follow closely on the Kingdom of Norway's FFr3bn five-year bond issue launched last Friday.

Dealers pointed out that demand for French franc-denominated paper is still strong as investors expect the currency to remain firm while French interest rates are likely to be cut further. The Bank of France has already cut interest rates since the centre-right election victory, with the latest fall announced on Friday.

The European Coal and Steel Community is not a frequent borrower in the French franc sector of the Eurobond market, and BNP, the lead manager and book-runner, claimed this "rarity" factor enabled the deal to be aggressively priced at a spread of 15 basis points over the mid-price of the 10-year OAT. BNP reported good demand for the triple-A rated paper from Europe and eastern Asia.

The bonds rose from the fixed price re-offer of 97.785 to 97.82 by mid-afternoon. The funds are being passed on directly to a client and will be kept in French francs.

Deutsche Bank Finance, which also tapped the French franc sector, said it would be swapping the proceeds of its FFr2bn issue into floating-rate funds. Some of the recent French franc bonds have been swapped into floating rate francs or into dollars, as swap opportunities have improved.

The other main feature of the Eurobond market yesterday was the launch of two "collared" floating-rate note issues – from ING Bank and Merrill Lynch. Morgan Stanley, lead manager for ING's $100m 10-year deal, said demand for these instruments remains strong. The deal has a minimum coupon of 5.1875 per cent and a maximum of 8.125 per cent. "The floor is well above short-term interest rates, so people are willing to cap their upside in return for a high floor," the lead manager said.

The recent flood of Latin American deals continued yesterday, with a 2½-year $50m bond from Banco Bradesco, the largest private bank in Brazil. Lead manager Deutsche Bank said the bonds wera mainly hought hy specialist Latin American funds and Swiss banks.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Merrill Lynch & Co.(a)‡	100	(a)	100.125	May.2003	0.50	-	Merrill Lynch Intl.
Intle.Nederlanden Bank(b)	100	(b)	100R	May.2003	50R	-	Morgan Stanley Intl.
Banco Bradesco(c)#	50	9	100.143R	Nov.1995	1.0R	(c)	Deutsche Bank London
YEN							
Daido Steel Co.	20bn	4.8	100.05R	Aug.1997	0.30R	-	Yamaichi Intl. (Europe)
LIRE							
Banque Nationale de Paris	150	10.85	101.85	May.2003	2	-	Bco.Commerciale Italiano
FRENCH FRANCS							
Deutsche Bk. Fin. Curacao	2bn	7	99.82R	May.1996	0.20R	+20 (8.8%-96)	Deutsche Bk. France
European Coal & Steel Comm.	1.5bn	7	97.785R	May.2003	32.5R	+15 (8½%-03)	BNP/CDC/Dresdner/Warburg
STERLING							
Eurofima(d)	75	7.5	100.25R	Feb.1998	(d)	+20 (7¼%-98)	Daiwa Europe
SWISS FRANCS							
Fudo Construction(e)ϕ*	100	0.5	100	May.1997	-	-	Nikko Bank

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. ϕWith equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Issue launched on 21/4/93 was increased to $250m. Coupon pays 6-month Libor flat; minimum 5.125%, maximum 9%. b) Coupon pays 25bp below 6-month Libor; minimum 5.1875%, maximum 9.125%. c) Spread is over interpolated yield curve. d) Fungible with outstanding £100m deal launched 14.1.93. Fees undisclosed. e) Final terms fixed on 28/4/93.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7.05 pm on April 26

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	65	10
Other Fixed Interest	0	3	12
Commercial, Industrial	288	307	804
Financial & Property	90	149	557
Oil & Gas	14	23	47
Plantations	0	0	8
Mines	59	15	62
Others	8	40	75
Totals	461	502	1,575

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	¾	½	Anglo Utd Warrants	½		-	-	-	-
170	F.P.	-	218	193	Brown (N)	212	-2	W6.0	2.4	3.5	15.0
100	F.P.	-	105	100	Fleming Emerg Mkts	105		-	-	-	-
100	F.P.	-	105	98	For & Col US Smlr Co's	101½	-½	-	-	-	-
-	F.P.	-	44	30	Do. Warrants	41		-	-	-	-
138	F.P.	-	148	142	Hemingway Inv Service	143	-1	R5.2	2.0	4.5	13.8
195	F.P.	-	218	195	Holliday Chemical	214	-1	W3.7	2.9	2.2	19.7
100	F.P.	-	100	96	Pilot Inv. Trust	97½		-	-	-	-
-	F.P.	-	28	21	Do Warrants	26	-1	-	-	-	-
380	F.P.	-	530	385	Quality Software Prods	495		-	-	-	24.1
260	F.P.	-	295	260	Westminster H'care	290	-2	W3.75	3.7	1.6	18.6
110	F.P.	-	141	125	Yorkshire Food	136		W2.88	2.6	2.7	15.9

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-
82	Nil	7/6	29pm	28pm	Headlam	28pm	
109	Nil	29/4	14pm	6pm	Ingham	11pm	
36	Nil	7/5	13pm	9pm	Mayflower Corp.	13pm	+2
2	Nil	3/6	¾pm	½pm	Millwall	½pm	
60	Nil	11/6	3pm	3pm	Newtrack (Lods)	3pm	
130	Nil	28/5	24½pm	13½pm	Slough Estates	23pm	+3
5	Nil	17/5	1¼pm	1pm	Sycamore	1pm	
33	Nil	11/6	4pm	2pm	Unieco	2½pm	
₦265	Nil	3/6	40pm	25pm	Unidare	40pm	+2

b Figures based on prospectus estimates. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1993-94. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Apr. 26
- Last Dealings May 7
- Last Declarations Jul. 29
- For settlement Aug. 9

3-month call rate indications are shown in Saturday editions.

Calls in ASDA, Avesco, Banner Homes, Caverdale, CrestaCare, First Natl. Fin. Corp., Fairhaven, French Connection, Hopkinsons, Lonrho, A. Proudfoot, Regalian Props., Shoprite, S.W. Wood, Sturge, Tullow Oil, Utd. Biscuits, Utd. Energy and Western Areas. Puts in Farepak, Shoprite, Sturge and Western Areas. Doubles in ASDA, Mid-States, Sturge, Tiphook and Utd. Biscuits.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons	550	44	57	65	18	25	33
(*582)	600	18	31	40	46	52	57
ASDA	67	11½	13½	-	5	9½	-
(*73)	76	8	9½	-	9	11½	-
Brit. Airways	280	20	28	32	18	21	26
(*280)	300	11	19	24	28	33	37
SmKl Bchm A	420	47	58	67	15	24	30
(*446)	460	26	37	48	34	44	50
Boots	460	31	45	50	19	27	33
(*456)	500	14	26	32	43	52	53
B.P.	280	19	25	28	12	18	22
(*284)	300	9½	18	21	24	29	33
British Steel	90	8½	13	15	8½	18	12
(*91)	100	5	8½	11	14	19	17½
Bass	500	60	72	77	7½	14	23
(*547)	550	25	41	48	28	33	45
C & Wire	700	41	52	62	32	40	50
(*706)	750	18	32	41	63	71	79
Courtaulds	550	26½	42	50	28	37½	44½
(*552)	600	9½	21½	30	63	70	75
Com. Union	580	50	58	-	13	24	-
(*607)	629	23	33	-	36	49	-
GKN	460	29	37	-	18	27	-
(*487)	500	13	19	-	41	51	-
Unilever	1100	55	70	96	30	45	56
(*1101)	1160	29	52	00	56	70	80

Option		Calls Jul	Calls Oct	Calls Dec	Puts Jul	Puts Oct	Puts Dec
Fisons	160	20	30	31	12	16	22
(*165)	180	11	19	22	23	29	33

Option		Calls Jul	Calls Oct	Calls Feb	Puts Jul	Puts Oct	Puts Feb
Grand Met.	420	29	35	43	21	27	30
(*421)	460	8½	17	26	47	52	59
Ladbroke	160	24	30	35	6½	15	18
(*173)	130	13	20	25	18	28	30
Utd. Biscuits	420	38	47	55	22	30	33
(*428)	460	22	30	36	47	53	57

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero	300	24	46	57	10	25	37
(*315)	330	10	30	42	25	42	53
Amstrad	30	4½	7	8½	2	3½	4
(*33)	35	2½	4½	8	4	5½	8½
Barclays	420	29	41	52	12	24	30
(*430)	460	10	23	33	24	45	52
Blue Circle	240	15	27	32	11	19	26
(*243)	260	8	18	24	22	32	38
British Gas	300	11	18	23	13	18	24
(*306)	330	2½	7½	11	35	38	43
Dixons	200	26	30	39	8	14	18
(*217)	220	13	20	29	15	24	28
Eurotunnel	430	27	47	63	24	43	47
(*423)	460	11½	29½	49	55½	68	77

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Glaxo	550	48	69	79	19	34	50
(*576)	600	23	44	59	45	60	78

April 26 Total Contracts 22,359
Calls 14,573 Puts 7,786
FT-SE Index Calls 3,064 Puts 1,576
Euro FT-SE Calls 762 Puts 450
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Mon Apr 26	Day's change %	Fri Apr 23	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (23)	127.29	-0.07	127.34	1.71	3.82
2	5-15 years (24)	146.38	-0.17	146.62	1.30	5.22
3	Over 15 years (8)	157.62	-0.25	158.01	2.32	3.10
4	Irredeemables (6)	175.82	-0.21	180.85	-0.19	6.12
5	All stocks (61)	142.99	-0.15	143.24	1.60	4.43
	Index-Linked					
6	Up to 5 years (2)	183.51		183.50	0.30	1.92
7	Over 5 years (12)	172.95	-0.05	173.04	0.68	1.72
8	All stocks (14)	173.22	-0.04	173.30	0.63	1.75
9	Debs & Loans (65)	127.34	-0.44	127.90	2.04	3.81

AVERAGE GROSS REDEMPTION YIELDS

			Mon Apr 26	Fri Apr 23	Year ago (approx.)
	British Government				
1	Low	5 years	7.06	7.01	8.37
2	Coupons	15 years	7.94	7.90	9.03
3	(0%-7¾%)	20 years	8.16	8.13	9.03
4	Medium	5 years	7.33	7.29	9.32
5	Coupons	15 years	8.34	8.31	9.08
6	(8%-10¾%)	20 years	8.46	8.44	9.04
7	High	5 years	7.56	7.51	9.55
8	Coupons	15 years	8.62	8.59	9.19
9	(11%-)	20 years	8.68	8.65	9.13
10	Irredeemables (Flat Yield)		8.54	8.51	9.25
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	2.39	2.39	4.02
12	Inflation rate 5%	Over 5 yrs	3.51	3.50	4.53
13	Inflation rate 10%	Up to 5 yrs	1.47	1.46	3.31
14	Inflation rate 10%	Over 5 yrs	3.32	3.31	4.35
15	Debs &	5 years	8.97	8.83	10.99
16	Loans	15 years	9.46	9.37	10.49
17		25 years	9.62	9.56	10.35

Farnell buoyed by acquisition

By Paul Taylor

FARNELL Electronics, the components and equipment manufacturer and distributor, reported a 12.5 per cent increase in operating profits reflecting organic growth and a maiden full-year contribution from ESD Distribution.

Pre-tax profits in the year to January 31 increased 27 per cent to £41.6m (£32.7m) after the sale of a non-trading subsidiary which generated a £6.36m exceptional profit. Profits were also boosted by interest income of £1.03m compared to costs of £468,000 last time.

Earnings per share, adjusted to exclude the exceptional item and prior years' tax credit, edged ahead to 17.2p (16.5p). A final dividend of 3.4p is recommended, making a total up 7 per cent to 6.2p (5.8p).

Operating profits increased to £38.3m (£32.2m) on turnover ahead 24 per cent to £254.3m (£204.9m). ESD, which was acquired from STC for £61m in July 1991, contributed turnover of £95.8m (£55.9m) and an operating profit of £9m (£5m).

However, Mr Richard Hanwell, chairman, emphasised that organic growth, including the expansion into continental Europe, was responsible for more than a quarter of the turnover increase.

The core distribution division lifted operating profit to £26.2m (£30.5m) on turnover of £208.8m (£159.6m).

The smaller manufacturing division has been restructured and split into three businesses: power supplies, components and instruments. It reported a reduced £1.04m (£2.52m) operating profit on turnover of £50.6m (£49.3m).

Commenting on the outlook Mr Hanwell said group trading in the first quarter was 10 per cent higher than the comparable 1992 period on a like-for-like basis and said prospects were "promising."

Farnell's strong cash flow enabled it to reduce debt by £14m and cut gearing from 17 per cent to nil while continuing to invest. During 1992 the group spent £9m on capital expenditure, including the completion of a new computerised warehousing centre in Leeds. In addition, having expanded into Germany in 1989, two more continental European operations were opened last year in the Netherlands and France.

● **COMMENT**

The results were as expected but nevertheless serve to underline that ESD was a shrewd acquisition. However, Farnell's proven ability to achieve organic growth despite recession should not be overlooked. The expansion into continental Europe should help fuel growth with the German operations expected to break-even this year. The additional good news is that after a nine-month interregnum a new but as-yet unnamed chief executive has been chosen. The improving economic backdrop in the UK should help the group lift pre-tax profits to about £40m this year, equivalent to earnings of 19.8p. The shares gained 9p to 387p and are trading on a deserved prospective p/e of 19.5.

BTR reveals higher earnings bands

By Andrew Bolger

THE SALARY of Mr Alan Jackson, chief executive of BTR, is not revealed in the industrial conglomerate's annual report because his duties are considered by the company to be discharged mainly outside the UK.

In fact, Mr Jackson earned between £460,001-£465,000 last year – not the figure of £272,590 reported in the Financial Times last week.

The lower figure was that of BTR's highest paid UK-based director, which an adviser to the company wrongly identified as being the chief executive.

BTR has now revealed the higher earnings bands of three directors which were not published in the annual report – Mr Jackson, a director who earned £365,001-£380,000, and another who earned £410,001-£415,000.

Mr Graeme Pearson, who joined BTR's main board on November 25, earned £20,001-£25,000 for his work to December 31.

Mr Jackson's salary increased by 5 per cent last year, a period which saw group profits increase 18 per cent to more than £1bn. His salary is not regarded in the City as excessive, given the company's performance.

Mr Stanlay Williams, BTR's company secretary, said: "We are proud of the basis on which our executives are rewarded."

BTR declined to comment on whether Mr Jackson, an Australian, was resident in the UK for tax purposes. Under Inland Revenue rules, anyone who spends 183 days or more in the UK per annum is resident – whether or not the person is a UK citizen.

Mr Williams said the salaries of these executives had not been in the annual report because of the terms of the 1985 Companies Act, which requires only the salary of the chairman and UK executives to be published.

The act also states that this information "need not be given in respect of a director who discharged his duties as such wholly or mainly outside the UK."

Analysts and institutional investors in BTR were surprised to learn that Mr Jackson came into this category, although more than 60 per cent of BTR's sales and profits come from outside the UK.

Mr Jackson, 57, moved to the UK in 1991 when he became group chief executive, after having been managing director of BTR Nylex, the UK group's Australian subsidiary.

He is still chairman of BTR Nylex and in 1991 was appointed a director of the Australian Reserve Bank.

BTR's reputation for restraint was burnished when Sir Owen Green, the group's retiring chairman, received a pay increase of just £604 to £217,616 – a rise of 0.37 per cent.

One analyst said: "You can understand why the Companies Act was drawn up in the way it was, but there's really no reason why we should not know the salaries of all directors of UK companies."

Plateau's £1.5m asset disposal angers suitor

By Kenneth Gooding, Mining Correspondent

PLATEAU MINING, which is resisting a £1.2m hostile bid, has agreed to sell an asset to Delta Gold, an Australian group, for about £1.5m.

Guinness Mahon, Plateau's adviser, said the price was equivalent to 3.45p for each Plateau share compared with 3p at which they were suspended in August.

The bid is from Kingstream Resources, a small Australian exploration company. Mr Michael Bradbrook of Ionian Corporate Finance, Kingstream's adviser, said: "It is unbelievable that an asset assigned a nil value in March when the Plateau accounts were signed off now has such a huge value." He said Kingstream had no intention of giving up and was now reconsidering the terms of its offer to take account of the Delta deal.

Plateau, formerly a natural resources group but now a shell, is to sell the net smelter royalty interest it holds in the Mhondoro platinum-nickel-copper project in Zimbabwe jointly owned by Delta, the Anglo American Corporation of South Africa and RTZ.

Delta will allot a minimum of 1.85m shares. Australian stock exchange rules do not permit the shares to be sold for 12 months and, depending on the length of the escrow period, Delta will issue up to 200,000 more shares as an additional consideration to take account of the delay.

Splash of colour helps Moss Bros to £2.3m

By Catherine Milton

COLOURFUL jackets from Versace, retailing at about £300 each, helped Moss Bros, the men's wear company, lift pre-tax profits to £2.3m for the 53 weeks to January 30.

That was an improvement of 74 per cent on the £1.32m returned for the previous 52 weeks.

More than a third of profits came from net interest receivable of £933,000 (£720,000). The company ended the year with a £14m cash balance and said it was considering both organic growth and growth by acquisition.

After a tax credit of £1.05m in the previous year, Moss Bros paid £877,000 tax last year. Earnings per share were 8.52p (8.19p before the tax credit).

Directors propose a final dividend of 4p giving a total for the year of 5.5p (5p).

The company, which sells more than one in every 20 suits bought, increased turnover 8 per cent to £55.8m mainly due to an increase in like-for-like sales of 5.5 per cent.

This figure masked a 14 per cent increase in the contribution from Cecil Gee, the high street outlet for fashion products, including the jackets, although the company said a range of racy briefs, also from Versace, had sold less well.

The mainstream retailer Suit Co recorded a 3.5 per cent increase in sales and classic outfitter Savoy Taylors Guild improved sales 3.5 per cent.

Turnover was also lifted by the inclusion for the first time of the Dormie business acquired at the end of 1991 and the additional week covered by the 1992 accounting period.

Mr Rowland Gee, group managing director, said: "Business failures in clothing retail companies went up by 67 per cent last year which means Britain is no longer over-shopped.

"We think we will be one of the sectors to come out of the recession quickest."

British Gas expands in electricity cogeneration

By Deborah Hargreaves

BRITISH GAS has set up a new wholly owned subsidiary with initial capital of £12m to invest in electricity cogeneration schemes worldwide.

The new division will invest in the development, construction and operation of combined heat and power plants for customers in the UK and overseas.

Mr John Earl, managing director of Cogeneration Investments, said the company will support British Gas's Global Gas business in its overseas operations. "Cogeneration provides a lot of environmental benefits and can be at the end of many fuel chains," he said.

Cogeneration involves the production of electricity and recycling the waste gases to provide heating or cooling for other industrial processes.

Cogeneration Investments signed its first contract, worth about £15m, to provide the energy requirements for SCM Chemicals Europe – one of the world's leading titanium dioxide makers – for the next 15 years. As part of the deal, the company will build a 15MW CHP plant at SCM's south Humberside site.

The plant is expected to operate at over 80 per cent efficiency compared with 30 per cent from conventional power stations, and greatly reduce carbon dioxide and nitrogen oxide emissions.

Mr Earl said the company expected to sign another deal this year and was involved in discussions on two further contracts.

European purchases for Boots

By Maggie Urry

BOOTS, the retail and pharmaceutical group, is paying £14.5m for two over-the-counter healthcare companies in Europe.

Boots said the acquisitions would give Boots Heathcare International, the OTC medicines and consumer products business set up last year, critical mass in France and Italy.

The French business being bought is La Société Francaise du Triclocarban, the main products of which are Nobacter, a shaving foam, and Solubacter, an antiseptic wash. It has sales of £5.1m.

Boots will move production to its own manufacturing facility in France and will sell the products through its existing sales force.

In Italy, Boots is buying Marco Viti, with annual sales of £4.4m and products which fit with Boots' existing portfolio. The purchase includes a manufacturing base near Milan and a sales team.

Boots' strategy is to develop its brands across Europe, based on four product areas: analgesics, such as its Nurofen brand already sold in France and Italy; eyecare, such as its Optrex brand; skincare, including brands like E45; and cough and cold treatments such as Strepsils, which is the leading OTC sore throat remedy in France.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Black (A&C)	fin	9.25	July 6	8.75	13.5	13
Britannia	fin	nil	-	nil	nil	1
Farnell Elect	fin	3.4	July 5	3.2	6.2	5.8
How	fin	0.75	July 1	1.5	1.5	2.5
Lowland Inv	inv	3.2	June 16	3	-	8.5
Lyles (S)	int	1.55	June 8	1.55	-	4.9
Moss Bros	fin	4	June 24	3.5	5.5	5
Wensum	fin	1.25	July 1	2.35	1.825	3.5

Dividends shown pence per share net except where otherwise stated.

Lowland Investment net asset value rises

Net asset value at Lowland Investment Company increased from 201.2p to 252.3p over the 12 months to March 31. At September 30 1992 it stood at 200.8p.

Net revenue for the six months to the end of March was lower at £899,000, compared with £983,000. Earnings per share came out at 3.82p (4.19p), but the interim dividend is raised from 3p to 3.2p.

Directors said the final should be at least maintained at 5.5p.

COMPANY NOTICES

COMPANY NEWS: UK

Guinness silent on Red Stripe talks

By Philip Rawstorne

GUINNESS, the brewiog and spirits group, is, eccording to industry sources, oegotlating to buy e majority stake in Desnoes & Geddes, the Jamaican brewer of Red Stripe lager.

Guinness declined to confirm the talks yesterday. "We never comment on speculation concerning possible acquisitions," the company said.

However, Guinness has had a long and close relationship witb tbe Jamaican company wblch for many years bas brewed its stout under licence. Jamaican consumption has doubled over tbe last two years to make the country one of the top 12 markets for Guinness worldwide.

Acquisition of a majority stake in tbe company, in whicb Heineken has a 14 per cent holding, would further tba UK group'a strategy of expanding its international brewlog operations by taking control of brewers with aubstantial local market shares.

Guinness, which first began exporting to the West Indies 176 years ago, already bolds minority stakes in several of the 12 brewers which now produce its stout under licence in other Caribbean countries.

Desnoes & Geddes, whicb also produces a range of soft drinks, introduced its Red Stripe lager into the UK in the late 1970s. Brewed under licence by Charles Wells, the indepeodent Bedford-based brewer, and marketed and distributed by HP Bulmer, it is now the number three packaged lager in the UK - behind Stella Artois and Beck'a - with estimated annual sales of 100,000 barrels.

Charles Wells also exports the lager to several cootinental European markets, including Spain and Italy.

COMPANY NEWS: UK

Rocking the foundations

Non-property companies are still failing to realise the implications of the fall in property values. Vanessa Houlder reports

THE repercussions of the collapse of the commercial property market are spreading throughout the corporate sector.

The slump has made deep inroads into the value of property owned by British companies, which was estimated to be worth some £224bn in 1989.

There are signs, however, that companies outside the property sector have not yet acknowledged the scale of their problems. Some analysts argue that the likelihood of property-related shocks is now greater for non-property companies than for quoted property companies.

"Many non-property companies with an involvement in property have yet to face up to reality," says Mr Marc Gilbard of NatWest Securities. "Almost certainly a lot of properties are overvalued."

Companies have been slow to acknowledge the impact of the downturn on their balance sheets in the hope that this will prove a temporary downturn, leading to "no permanent diminution in value".

This attitude may prove too complacent. Unless inflation takes off, the recovery of property values is likely to be a long, slow haul. That alone is a reason for companies to bite the bullet on provisions.

Another, perhaps more pressing, reason why companies should take a more realistic view of property values stems from new accounting standards. The Accounting Standards Board, the body that sets standards, has proposed rules that would force companies to revalue their assets every few years.

Financial Reporting Standard 3, due to come force in June, requires companies to base profits of property disposals on book values, rather than historic costs. That may encourage companies to get their book values written down as quickly as they can.

The sectors most exposed to falling property values are:

● The banks, which have a three-fold exposure to property: their own branch network, their loans to property companies and their loans to companies that are secured against properties. Many commentators believe that the provisions already announced fall far short of what will eventually be needed. One recent estimate suggested that the banks could face a shortfall of some £8bn against office property in the south-east of England.

● The construction companies, many of which expanded into property development during the 1980s. Analysts expect the UK's 10 biggest construction companies to make provisions of up to £700m for 1992. The total provisions from the sector may top £1bn when the write-downs from small and medium housebuilders and construction companies are included. Already, the top 20 builders have written off a total of £800m from the book value of housing land and developments in the four years between 1989 and 1992, according to Warburg Securities.

Companies have been slow to acknowledge the impact of the downturn on their balance sheets in the hope that this will prove temporary, leading to 'no permanent diminution in value'

● The brewers, which own assets with a total value of well above £10bn in the form of breweries, pubs, off-licences, warehouses and so on. The fall in property prices will knock huge sums off their assets. Whitbread, for instance, would lose some £450m from reserves if its property estate fell by 15 per cent, as was indicated by a sample revaluation of its property assets last November.

However, analysts believe that revaluations should not have a great impact on share prices, since brewing stocks are increasingly bought for earnings stream rather than asset valuation. More palpable damage could arise from the loans made by brewers to free-trade customers that are secured on assets.

● The retail companies, for which property accounts for more than 50 per cent of their total asset base – the largest proportion of any sector. Traditionally, asset values have been an important component in the value of a stores group, particularly at the time of a takeover. But the main problems concern those companies which diversified into property development during the 1980s. Burton, the worst-affected, was forced to write off the value of its property developments by £168m in 1990 and £155m in 1991.

Another problem, which has escalated during the recession, relates to the rent due on former premises, if a subsequent tenant defaults. Boots made a provision of £5.8m in its last financial year related to 'leases where the assignees have defaulted'.

● The hotels and leisure companies, the most property-rich sector of all, with assets of more than £30bn, according to DTZ Debenham Tewson. The link between property prices and share prices has been weakening, however. Property transactions of the large leisure companies accounted for 26 per cent of pre-tax profits in 1989 according to NatWest Securities. By contrast, their contribution was minimal for most companies last year.

A comparison of the impact of falling property values on different sectors demonstrates that a large property exposure does not necessarily damage a company's prospects or share price. The damage inflicted by declining asset values depends on its involvement in property trading and development, its gearing and the size of its reserves.

The most visible sign of falling assets appears in those companies with development or trading properties. Those often result in large write-downs that damage the profit and loss account. In the past they have been tucked away as extraordinary items. Under FRS 3, that is no longer an option.

Writing down fixed assets is not necessarily a pressing problem. Falls in values are often comfortably written off directly to the revaluation reserve, which provides a cushion built up from past unrealised surpluses.

This process is not always as straightforward as it might seem, however. The definition of a fixed asset proved controversial in the case of Trafalgar House, which reclassified development properties worth £102.7m as fixed assets in 1991, thus taking the loss through reserves rather than its profit and loss account.

The Financial Reporting Review Panel later forced a reversal of this, resulting in the restatement of its 1991 £122.4m profit as a loss of £38.5m.

Another problem with write-downs of fixed assets emerges when the revaluation reserve is 'wiped out, forcing further deficits to be taken through the profit and loss account. When Ladbroke made a 15 per cent provision against its £1bn investment property portfolio, its 1992 profits collapsed from £146.3m to £5.2m.

But perhaps the most important and widespread problem concerns companies' ability to borrow. Companies will find it more difficult to borrow as their gearing increases. Falling asset values may cause companies to breach their banking covenants and will make it more difficult borrow in the future.

A recent study for the Royal Institution of Chartered Surveyors suggested that a 10 per cent fall in property prices today would lead to at least a £10bn fall in borrowing over the next two years.

The potential of falling property values to damage corporate profitability and constrain corporate borrowing is gradually becoming increasingly apparent.

Jupiter Tyndall surges to £5.7m

ORGANIC growth and the success of the acquisition of the Tyndall group were reflected in an upsurge in pre-tax profits at Jupiter Tyndall, the banking and investment management group, in 1992.

After a net exceptional charge of £790,000, pre-tax profit for the year was £5.7m, compared with £1.17m for the previous 10 months. Net turnover rose to £14.4m (£5m).

The exceptional charge took account of a signing-on fee and associated costs of £1.81m relating to Mr Leonard Licht joining the group as deputy chairman and chief investment officer last July.

Mr John Duffield, chairman, said the Tyndall acquisition involved much work and reorganisation throughout 1991 and into the second half of 1992. He now regarded the company as fully integrated.

He warned that it would be impossible to maintain the past high rate of growth "now that we have reached our present size". The current year would be one of consolidation and he was not expecting a great increase in pre-tax profits. Also a near-normal level tax charge would affect net profits and earnings per share.

In the past year the two banks produced pre-tax profits of £3.38m, a considerable improvement over the previous period.

The two banks were only involved in cash management. They lend customers' deposits only to the leading banks and building societies in the inter-bank market, so the possibility of a drop in deposits, if there was a prolonged period of low interest rates, remained a concern, Mr Duffield noted.

Earnings per share were 13.6p (4.4p). The final dividend is 4.5p for a total of 7.5p (5p).

As the majority of profits are earned overseas the group is following the trend of offering scrip dividends in excess of the cash equivalent. Shareholders can take a scrip of 7.2p, and James Capel, the brokers, are underwriting the scrip shares at a value of 6.84p free of expenses to a selling shareholder.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, April 26, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)	COUNTRY	£ STG	US $	D-MARK	YEN (X 100)	COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LEGAL NOTICES

EAST OF SCOTLAND INDUSTRIAL INVESTMENTS PLC

IN a Petition presented to the Court of Session on 20th April 1993 at the instance of East of Scotland Industrial Investments PLC, a Company incorporated under the Companies Acts and having its Registered Office at 42 Charlotte Square, Edinburgh, EH2 4HQ, for confirmation of reduction of capital, the Court has pronounced the following Interlocutor:

"Edinburgh, 22nd April 1993 Lord Weir

The Vacation Judge appoints the Petition to be intimated on the Walls of Court in common form and to be advertised once in the Edinburgh Gazette and once in each of the "Herald", "Scotsman" and "Financial Times" newspapers; allows all parties claiming an interest to lodge Answers thereto, if so advised, within twenty-one days after such intimation and advertisement.

D. Bruce Weir"

of all which intimation is hereby given

Brodies W.S.
Solicitors
15 Atholl Crescent
Edinburgh EH3 8HA
Solicitors for the Petitioners

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78% drop reduces Lyles to £102,000

DIFFICULT trading conditions continued throughout the first half at S Lyles; turnover fell 19 per cent and pre-tax profit slumped 78 per cent.

However, the interim dividend for the six months to December 31 1992 is held at 1.55p, payable from earnings per share of 1.02p (4.47p).

Home sales of this yarn spinner and dyer dropped to £3.97m (£4.51m) while exports were £1m off at £2.74m. The profit was £102,000 (£486,000).

Mr John Lyles, chairman, said the significant fall in demand necessitated the workforce being reduced by a further 10 per cent.

"However, if present indications of emerging confidence in the UK and US economies are sustained, I would expect some improvement in demand later this calendar year, although the economies of some of our European trading partners remain a matter of concern", he said.

The decision on the final dividend would depend on the outturn for 1992-93 and prospects for the following year.

Wensum improves but stays in loss over year

WENSUM, the men's wear manufacturer, showed an improvement in the second half but that proved insufficient to offset the first half loss.

Consequently there was a pre-tax deficit for the year ended January 30 1993 of £44,000, compared with a profit of £607,000.

Following the cut to the interim dividend the final is reduced to 1.25p (2.35p) for a total of 1.825p, against 3.5p. Losses per share came to 0.33p (5.63p).

Both operating companies achieved a small trading profit totalling £75,000 (£747,000) but insufficient to offset an interest charge of £119,000 (£140,000).

In manufacturing, turnover rose to £5m (£4.94m). The corporate company saw a substantial fall to £1.57m (£2.7m) as the decline in repeat orders continued through the year, and there was no significant uniform launch.

The group entered into a three-year licensing agreement for a leading Japanese company to manufacture and sell men's clothing in Japan under the Wensum label.

Directors viewed that as "an exciting development" with great potential for the longer term development of the label.

On prospects they said both companies had substantially better forward order books.

Corporate had a significant new launch and there were signs that repeat orders were improving. The manufacturing subsidiary was well under way with the projects for increased production and efficiency.

The first half was unlikely to reflect those developments but "we are optimistic that they will have a marked impact on the second half results", the directors said.

Automagic returns to the black

AUTOMAGIC Holdings, the shoe repairing and key cutting retail chain, returned to the black for the 28 weeks to January 9 with a pre-tax profit of £76,000, against a loss of £436,000.

The profit was struck after exceptional charges of £91,000 (£55,000) relating to losses arising from the disposal of leasehold premises.

Last year the USM-quoted company closed its dry cleaning factories, although it has yet to dispose of the premises, and closed a number of branches, the relevant leases being assigned during the period.

Mr Mike Strom, chairman, said the first half performance was encouraging and although he did not necessarily expect the same contribution in the second half, the group continued to trade profitably and he remained optimistic for the outcome of the year as a whole.

Turnover was little changed at £6.38m (£6.47m) but operating losses of £228,000 were replaced by profits of £273,000. Earnings per share were 0.9p against losses of 7p.

NEWS DIGEST

A&C Black rises 38% to £0.54m

A&C BLACK, the publishing group, lifted its pre-tax profit by 38 per cent to £535,000 for the year to end-December.

The group's principal interests are year books, children's books, music, travel, nautical, and sport.

Turnover was trimmed from £6.84m to £6.78m.

Operating profit increased by £67,000 to £580,000 and interest payable showed a reduction from £133,000 to £61,000.

Earnings per share worked through at 24.4p (16.9p) and the final dividend is 9.25p for a total of 13.5p (13p).

Dickie shows first half recovery

James Dickie, the USM-quoted manufacturer of engineering components and assemblies, reported a sharp turnround in fortunes for the six months to February 28 with a pre-tax profit of £250,000 against a loss of £292,000.

The figures included an exceptional profit of £68,000, compared with a loss of £194,000 which was previously treated as an extraordinary item.

Turnover rose from £6.9m to £7.86m and earnings per share were 3.03p (losses 4.73p).

German buy for Senior Engineering

Senior Engineering has paid DM10.6m (£4.3m) for Polenz, a Hamburg-based distributor of air conditioning equipment. An additional payment of up to DM2.75m is dependent on profits.

Polenz has 11 branches and operates in both east and west Germany. Sales in 1992 amounted to DM36m and profit before tax was DM1.8m.

Usborne back in the black

Usborne, the agricultural services, property and motor products group, returned pre-tax profits of £887,000 for the six months to December 31.

That brought the figure for the full year to £1.72m against losses of £4.12m. However, the company has changed its year-end to June 30 and will be preparing a full report and accounts for the 18 months to end-June 1993.

Turnover for the 12 months was unchanged at £210m. Earnings per share emerged at 1.81p (losses 6.03p). A second interim dividend of 0.2p makes 0.4p to date – a 0.4p total was paid for 1991.

34% upsurge gives Slingsby £111,000

A 34 per cent increase in pre-tax profit was achieved by HC Slingsby in 1992.

From turnover of £10m (£9.95m) profit of this truck, ladder and ancillary equipment manufacturer worked through to £111,000 (£82,500).

Operating profit quadrupled to £179,000 but had to bear the cost of redundancies of £105,000.

The final dividend is 5.5p, maintaining the total at 7.5p out of earnings per share of 9.3p (4.4p).

Investors Capital assets improve

Net asset value per share of Investors Capital Trust stood at 132p at March 31, an improvement of 18 per cent on the 111.8p standing at the September 1992 year-end.

Available revenue for the half year to end-March amounted to £5.69m (£6.21m), equal to earnings of 2.301p (2.51p). The second interim dividend is maintained at 1.275p.

Berry Starquest asset value lower

Net asset value per share of Berry Starquest amounted to 170.7p at January 31, a 5.8 per cent fall from the 181.2p value of a year earlier.

Net revenue for the year, however, improved to £160,000 (£157,000) for earnings per share of 3.1p (3p). The recommended dividend is lifted to 2.2p (2p).

International financiers spark off gold price surge

By Kenneth Gooding, Mining Correspondent

A CONCERTED effort by some of the world's high-profile financiers to focus investors' attention on gold paid off yesterday when the price moved up by US$7.35 troy ounce in London to close at a six-month peak of $351.50.

This followed weekend revelations that Mr George Soros, renowned for making more than $1bn profit in the currency markets in September by betting against sterling and the Italian lira, had bought $400m-worth of shares in Newmont Mining, biggest of the North American gold producers.

The Newmont shares were sold by Lord Rothschild, the UK investor, and Sir James Goldsmith, the international deal-maker. Sir James revealed he had used the cash to purchase more than $300m of options to buy gold in the London and New York markets.

The news "had gold bugs coming out of the woodwork left, right and centre" yesterday, according to one trader.

Mr Joe Bergtheil, analyst at James Capel, the financial services group, heralded the involvement of Mr Soros in the gold market as "a fascinating development. I have felt for some time that the negative impact of central bank selling [of gold] would soon be countered by the entry of specialised investors. There is now a very definite shift in market psychology, and the gold market is all about psychology".

Some other commentators were more cynical. One pointed out, unkindly, that "Goldsmith has made a song and dance ahead of buying 700,000 to 800,000 ounces of gold – that alone should stimulate some buying by other investors".

Mr Andy Smith, analyst at Union Bank of Switzerland, speculated that the deals and the accompanying publicity might be part of a much grander strategy as far as Mr Soros was concerned, perhaps connected with his rumoured bond market positions. (Rumours suggest Mr Soros has been shorting US bonds or selling bonds he does not yet own in the expectation that he will be able to buy them later at a lower price.)

He said that the timing of the gold deals was perfect because "troubles in South Africa and Russia [the biggest and third-biggest gold producers respectively] are coming to a head at the same time and the [German] Bundesbank has cut its interest rates".

Analysts said the gold price surge yesterday was helped by producers resisting the temptation to do some forward selling. "But they will start to sell again when the price rise shows signs of stalling," *suggested Mr Ted Arnold*, analyst at the Merrill Lynch financial services group.

He added: "To put the market in perspective, gold might be at a six-month high, but a few weeks ago it was at a seven-year low". Mr Arnold said the market was being driven by professionals, investment funds and the like, and "there *has been* no wave of physical buying by the man in the street, Asians are not falling over each other to buy at these prices and the Swiss banks are still not putting their private clients into physical gold. And if the physical buying is not there, it will be difficult to sustain a high price".

Both Mr Smith and Mr Arnold said that market professionals would now be looking at chart points and setting targets. Mr Smith suggested $360 an ounce was probably the next target. Mr Arnold said it was difficult to judge where the price would peak but many people were targetting $360-$370.

Finland's farming Euro-sceptic in EC hot seat

Christopher Brown-Humes on the choice of an ex-farm union chief as foreign minister

IF THE Finnish government wanted to send Brussels a strong signal about the *importance* it attaches to agriculture in its negotiations on European Community membership, it could not have done better than appoint Mr Heikki Haavisto as its new foreign minister.

He takes up the post on May 4, having been president of the influential Central Union of Agricultural Producers. He is well-known for his anti-EC views, which accord with those of the Finnish farming community as a whole.

Giving him a key role in the negotiating process is a shrewd move by the government, not *least* because the dominant coalition partner, the Centre Party, traditionally draws its support from rural areas. But it is a risky strategy too. *If the* government can get a deal of which Mr Haavisto approves it will have gone a long way to easing the membership doubts of the farming community. If it *cannot get such a* deal opposition to EC membership, which opinion polls put at about 38 per cent, might grow.

Mr Heikki Haavisto: Well-known for his anti-community views

It is, perhaps, surprising that agriculture has become the key issue in Finland's EC membership discussions. The country has only about 170,000 farmers, corresponding to just 7 per *cent of its workforce*. Finnish agriculture is also a huge consumer of subsidies and support, costing the taxpayer about FM7bn (£830m) a year, and food prices are high.

Farming's importance is not so much economic as psychological in a land where the countryside is regarded as an essential part of national identity and *cultural heritage*. It also overlaps with regional, conservation and defence considerations, particularly given the security sensitivities aroused by Finland's 1,300-km (800-mile) border with Russia.

What Finland wants is recognition of the special difficulties and costs of agricultural production in a country where the growing season is less than 180 days and distances to markets are often huge.

Under the existing Brussels regime, support would fall away dramatically, according to Mr Haavisto. A small dairy farm in the north of the Finland, for which direct support and price subsidies now amount to FM94,200 a year, would get only FM11,700 under EC rules. A southern farm's support would shrink from FM39,700 a year to FM9,800.

There are plenty of reasons to believe that a suitable compromise can be found. After all, Finland is not a production problem, as far as the EC is concerned, and it will not add to existing surpluses. Nor *is it* a special regime problem, as the EC has proved flexible in the past in adapting to new situations. It may simply end up being a transition and funding problem – whether it is Brussels or the national government that meets the continuing subsidy cost.

Feelings on the agriculture issue are running *high in Finland* today because of sensitivity about adding to unemployment, which is already about 18 per cent of the workforce. But there is a chance that as the economy improves those fears will become less important for much of the non-farming population than the issue *of high* food prices. Certainly, there are many who would be reluctant to see the whole question of Finland's EC membership becoming dependent on agriculture alone.

In reality the country's farming industry is shrinking anyway. Even Mr Haavisto accepts that 10,000 of Finland's 120,000 farms will disappear this decade irrespective of EC membership.

Green shoots hide problems under the surface

Bare patches are appearing in many UK fields, reflecting adverse planting conditions

FARMER'S VIEWPOINT

By David Richardson

THERE ARE green shoots on farms all over the country. But like some of those alleged to relate to the British economy they can be tender plants and the apparent evidence on the surface does not always fully reflect the reality.

For instance, crops of wheat, barley and oilseed rape planted last autumn are now growing *vigorously*. As they do so the volume and height of green material helps to hide the many problems that are a legacy of the wet weather in which they were planted. At least they do for the casual observer passing on the road.

Look down on the same crops from an aeroplane, or as I have done recently, from the windows of trains travelling right across the country from east to west, often above the fields, and the scars are still there to be seen. There are great patches of land into which good seeds were planted but did not grow. The soil was *so wet and cold last November* that they rotted instead of germinating.

There are other bare areas in a disturbing number of fields that are clearly the work of pests – almost certainly slugs. The slug problem has become much worse in recent years as more farmers have turned to chopping straw behind their combined harvesters instead of burning it – a practice now banned by law. Chopped straw is attractive fodder for slugs, *enabling* them to thrive and reproduce to ever increasing numbers.

Collectively the patches amount to a sizeable area of *the country and* it is *already* clear that many cereal and oilseed rape fields affected by one or both of these problems will not fulfil their potential.

Add to that the fact that the Ministry of Agriculture's December census recently revealed that 19 per cent fewer acres of autumn cereals were planted last year because of a combination of the wet weather and the European Community's new set-aside regulations and it can be seen that the *UK harvest* of *autumn* sown crops this year is likely to be significantly reduced. Indeed some trade sources have put the reduction at some 2m tonnes, equivalent to about 10 per cent of last year's total harvest.

Within the constraints of set-aside, however, it is probable that some of this may be made up by spring sowings. These have increased, mainly on land originally intended for autumn planting, and in most cases they have gone into *excellent* seed-beds and, following timely rains, have grown away well.

Spring-sown barley, peas, beans, sugar-beet and oilseed rape *have* all benefited *from* the kind spring, although unusually for spring problems with slugs are continuing in some areas. But all other things being equal and the weather over the next few weeks permitting, yields from these crops should be above average come August.

Livestock farmers too are having a good spring. Grass is growing well, bringing the promise of plentiful seed through the summer as well as *hay and silage for next winter*, and sheep farmers all over the country are reporting the best lambing they have had for several years.

There are economic green shoots as well. The price of finished lambs, for instance, is higher than it has been since the removal of the EC's variable guarantee scheme nearly eighteen months ago. This is mainly because of growing demand for English lamb in Italy and France and the fact *that* their *normal alternative* sources in eastern Europe cannot supply because of ethnic conflicts.

However, the greatest impact on UK farming this year has come from the withdrawal of sterling from the exchange rate mechanism last September and the subsequent devaluation. According to EC rules this discrepancy with other community currencies had to be made up *to British farmers through* the so-called "green" currency system.

This has meant that prices of EC-supported commodities have at their peak been increased by around 20 per cent, which more than cancelled out the initial price reductions imposed by CAP reforms. Potentially it has also increased area and set-aside compensation payments for the same reasons.

The crucial day, however, is July 1. For the value of sterling against other EC currencies on that day will decide the level of those payments for the coming year.

Needless to say farmers are hoping the pound will not recover too fast. They have already seen guaranteed prices *of grain rise to £20 tonne more* than they expected last harvest only to see those levels eroded by £5 a tonne in recent weeks as sterling has recovered. Further revaluations leading to further price reductions are on the cards over coming weeks. Even so commodities have been sold this year, both spot and forward, at prices higher than farmers dared hope. Devaluation-induced windfall profits have been and will be made. And when farmers have money they *will spend it*, as tractor manufacturers have once again been reminded.

It has been reported by the Agricultural Engineers' Association that in the first quarter of 1993 tractor registrations were 13 per cent higher than for the same period last year. This followed several years of declining sales and urgent replacement of ageing machines was therefore needed on many farms. But the fact that many of the deals are being done on hire purchase also reflects that farmers are alive to the fact that they can lock in interest rates now lower than for a long time and that *capital allowances* have been raised in the Budget from 25 per cent to 40 per cent.

It is however significant to learn that sales of tackle have dried to a trickle in the last couple of weeks. Dealers believe this is almost entirely because of the dreaded "Domesday forms" that farmers are having to complete to qualify for compensation for the equally unpopular set-aside. They have spent so long stuck behind their desks or *queueing for Ordnance Survey* maps that they have been unable to spare the time to buy, dealers say.

So, while the combination of spring and sterling's devaluation have led at least to a partial recovery of confidence in British agriculture it is at best patchy and there are real fears that worse may be to come. *Last week Copa*, the Confederation of European Farmers' Unions, alleged that the Gatt settlement on farm commodi*ties negotiated between* the EC and the US in anticipation of a full agreement later would if implemented lead to a massive extension of set-aside.

Mr Rene Steichen, the EC agriculture commissioner, denied that this would be the case and said that any modifications to farm production could be accommodated within last *year's CAP* reform package. But farmers, always suspicious of politicians' promises, remain unconvinced.

Soaring costs threaten Statoil methanol plant

By Karen Fossli in Oslo

STATOIL, THE Norwegian state oil company, warns that costs for a NKr2.4bn (£225m) methanol plant to be built on the west coast of mid-Norway are threatening to escalate by several hundred million kroner, prompting a comprehensive and critical review of the project.

The potential increase poses questions about the future of the NKr25bn Heidrun oil and gas field development and a NKr3bn methyltertiary butyl ether project. *MTBE is used as* an additive to boost the octane level of unleaded petrol.

Statoil has an 82 per cent interest in the proposed methanol plant and partners Conoco Norway and parent company du Pont de Nemours have 18 per cent through the Statoil Methanol ANS partnership.

An estimated 650m cubic metres of gas annually is meant to be supplied to the plant to allow it to produce 830,000 tonnes of methanol a year. The plant is planned to supply 200,00 tonnes annually of feedstock to a proposed MTBE plant allowing annual output of 500,000 tonnes.

Statoil stresses that the cost over-run figures are uncertain but, because it takes such a serious view of the matter, a full appraisal of the project will be undertaken with findings to be presented in June.

Little hope of agreement on EC farm prices

EUROPEAN COMMUNITY agriculture ministers last night held out little hope of reaching agreement this week as they started talks on farm prices and milk quotas for 1993-94, reports Reuter from Luxembourg.

Although the Danish EC presidency was pressing hard for agreement, few ministers believed a deal was now likely because of the political uncertainty in Italy and a new French government.

"It's quite hard to see we'll get solutions in these circum*stances*," *said Mr John Gummer*, the UK minister of agriculture

The commission has proposed a relatively modest price package with reductions for cereals and other products agreed under last year's farm reforms, and a freeze for most other items.

Milk quotas would be unchanged except for Italy, Spain and Greece which would get increases. Butter prices would fall 5 per cent.

Danish officials said they would still try to forge a deal even if it meant stretching the meeting over several days.

Danish slaughtermen strike

By Hilary Barnes in Copenhagen

DANISH MEAT and bacon exports were brought to a halt by a strike of *16,000 abattoir* workers which began at midnight on Friday.

The strike follows a breakdown in collective wage negotiations and rejection by the food workers union of an arbitration proposal.

There has not been a major strike in the industry for more than 10 years. On the last occasion the stoppage lasted for two weeks.

WORLD COMMODITIES PRICES

MARKET REPORT

SEVERAL BASE metals tested overhead resistance levels yesterday and although the barriers were not breached further assaults were likely in the immediate future, *London Metal Exchange* traders said. The three months COPPER contract was twice driven up towards its $1,920-a-tonne target and held at that level at the second attempt to register a gain at the kerb close of $28 from Friday. Dealers noted narrowing forward premiums had aided the bounce from recent lows, and some were beginning to talk about possible supply disruption associated with forthcoming labour contract negotiations in Chile and the US. *Three months* ZINC moved up with copper to end at $1,028 a tonne, up $2. NICKEL's rally was halted, however, after the three months price had added nearly $70 to last week's $235 upsurge. Having failed to break through strong resistance the price subsided to finish little changed at $6,170 a tonne. London robusta COFFEE prices regained last week's losses as the New York arabica market gave the lead. But sterling's strength kept COCOA under pressure.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Jun)		+ or -
Dubai	$16.34-6.41u	-0.03
Brent Blend (dated)	$18.57-8.59	-0.01
Brent Blend (Jun)	$18.89-8.91	+0.01
W.T.I (1 pm est)	$20.25-0.29u	-0.02
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$209-211	+1
Gas Oil	$181-183	+0.5
Heavy Fuel Oil	$77-79	
Naphtha	$160-162	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$351.50	+7.35
Silver (per troy oz)♣	407.0c	+10.5
Platinum (per troy oz)	$378.0	+6.8
Palladium (per troy oz)	$117.25	-0.5
Copper (US Producer)	90.0c	+1
Lead (US Producer)	33.50c	-1.13
Tin (Kuala Lumpur market)	14.16r	+0.02
Tin (New York)	258.5c	
Zinc (US Prime Western)	82.0c	
Cattle (live weight)†	137.08p	+0.18*
Sheep (live weight)†♣	144.21p	-4.03*
Pigs (live weight)†	89.73p	-0.02*
London daily sugar (raw)	$237.6	+4.4
London daily sugar (white)	$305.0	-0.8
Tate and Lyle export price	£299.0	-1
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£164.50	
Wheat (US Dark Northern)	Unq	
Rubber (Jun)♥	56.50p	-1
Rubber (Jul)♥	57.00p	
Rubber (KL RSS No 1 May)	210.0m	
Coconut oil (Philippines)§	$410.0y	
Palm Oil (Malaysian)§	$377.5u	-2.5
Copra (Philippines)§	$260.0	+2.5
Soyabeans (US)	£177.0z	
Cotton "A" Index	60.95c	+0.05
Wooltops (64s Super)	340p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Aug u-Jun. z-Apr/May ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago. provisional prices.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
May	265.00	262.00	264.00	
White	Close	Previous	High/Low	
Aug	314.50	210.90	314.50	307.00
Oct	300.50	298.00	299.40	293.50
Dec	297.40	293.50	292.90	291.80
Mar	297.00	293.00	295.40	290.50
May	200.00	295.50	293.00	

Turnover: Raw 1 (2) lots of 50 tonnes. White 1356 (1858) Paris- White (FFr per tonne): Aug 1676.89 Oct 1601.25

CRUDE OIL – IPE $/barrel	Latest	Previous	High/Low	
Jun	18.90	18.91	18.96	18.88
Jul	18.90	18.92	18.96	18.88
Aug	18.97	18.96	19.03	18.90
Sep	19.04	19.04	19.09	19.01
Oct	19.07	19.04	19.12	19.05
Nov	19.13	19.09	19.13	
Jan	19.13	19.10	19.13	
IPE Index	18.82	18.84	18.82	

Turnover 8132 (26546)

GAS OIL – IPE $/tonne	Close	Previous	High/Low	
May	177.75	176.75	178.25	177.00
Jun	174.75	174.00	175.50	174.25
Jul	174.25	173.75	174.75	174.00
Aug	175.25	174.75	175.50	175.25
Sep	176.75	176.50	177.50	176.75
Oct	179.75	179.50	180.25	179.75
Nov	181.25	181.50	182.00	181.25
Dec	183.00	183.50	183.75	183.00

Turnover 7452 (13320) lots of 100 tonnes

TEA

There was improved and more general demand reports the Tea Broker's Association. Bright liquoring East Africans sold readily at firm to dearer rates. Mediums closed fully firm while plainer descriptions often gained 2 to 4 pence. Offshore only fair demand. Ceylon and East African teas realised firm rates but Central African types were irregular and easier. The highest price realised this week was 175p for a Rwanda pf.1. Quotations: quality 180p/kg., nom good medium 125p/kg., medium 115p/kg., low medium 92p/kg.

COCOA – London FOX £/tonne	Close	Previous	High/Low	
May	666	668	669	662
Jul	680	681	682	677
Sep	693	693	696	690
Dec	712	713	714	709
Mar	731	732	733	728
May	746	747	745	744
Jul	759	761	758	
Sep	773	772		
Mar	818	818	818	

Turnover: 3576 (3561) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 23 719.90 (713.76) 10 day average for Apr 26 721.30 (720.44)

COFFEE – London FOX $/tonne	Close	Previous	High/Low	
May	887	885	890	881
Jul	875	866	876	865
Sep	874	864	874	863
Nov	881	870	882	870
Jan	887	877	886	876
Mar	897	884	888	

Turnover: 2445 (1503) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 23: Comp. daily 50.63 (50.22) 15 day average 50.46 (50.57)

POTATOES – London FOX £/tonne	Close	Previous	High/Low	
May	51.0	46.5	50.1	46.0
Apr	95.5		95.0	94.0

Turnover 37 (10) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne	Close	Previous	High/Low
Jun	169.00		136.50
Aug	136.50	136.50	136.50
Oct	140.50	142.50	140.60

Turnover 81 (50) lots of 20 tonnes.

FREIGHT – London FOX $10/index point	Close	Previous	High/Low	
Apr	1540	1540	1540	1539
May	1540	1534	1540	1535
Jun	1420	1415	1420	1420
Jul	1300	1290	1300	1295
Oct	1408	1400	1409	1400
Jan	1430		1435	1430
BFI	1530	1524	1530	

Turnover 344 (480)

GRAINS – London FOX £/tonne	Close	Previous	High/Low	
Wheat				
May	144.50	145.50	144.68	144.25
Jun	146.00	145.75	146.05	145.70
Nov	109.65	109.65	109.75	109.25
Jan	112.70		112.70	112.25
Mar	115.00		115.00	
May	118.00	118.25	118.00	
Barley				
May	140.00	141.00	141.00	140.00
Nov	109.00		109.00	

Turnover: Wheat 568 (152), Barley 91 (53).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Apr	114.8		114.4
Jun	107.5		107.0

Turnover3 (18) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 24,109 lots
Cash	1105.5-06.5	1093.5-4.5	1102.5	1102.5-03		
3 months	1128.5-29	1116-7	1129/1121	1124.5-25	1126-29	164,606 lots
Copper, Grade A (£ per tonne)						Total daily turnover 44,343 lots
Cash	1192-93	1191.5-2.5	1191	1190.5-91		
3 months	1212-13	1208-9	1218/1202	1211-11.5	1217-18	180,752 lots
Lead (£ per tonne)						Total daily turnover 2,554 lots
Cash	269.5-70.5	269.5-7.5	269.5	269.5-70		
3 months	279-79.5	278.5-8.0	280/278	277.75-78.0	279.5-80	20,518 lots
Nickel ($ per tonne)						Total daily turnover 7,029 lots
Cash	6105-15	6105-15		6095-100		
3 months	6175-80	6170-5	6240/6185	6160-65	6165-70	47,783 lots
Tin ($ per tonne)						Total daily turnover 1,380 lots
Cash	5590-600	5580-90	5590	5560-70		
3 months	5640-45	5640-5	5650/5620	5620-25	5640-50	8,949 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 10,806 lots
Cash	1009-10	1005.5-6.5	1006.5-/1006	1008.5-7.0		
3 months	1028-29	1024-5	1030/1024	1025.5-26	1028-29	65,927 lots

LME Closing £/$ rate: SPOT: 1.5900 3 months: 1.5790 6 months: 1.5684 9 months: 1.5584

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	351.30-351.70	
Opening	349.10-349.60	
Morning fix	348.55	218.675
Afternoon fix	349.25	219.544
Day's high	351.30-351.80	
Day's low	348.30-348.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.54	6 months	2.37
2 months	2.50	12 months	2.32
3 months	2.45		

Silver fix	p/troy oz	US cts equiv
Spot	252.25	401.85
3 months	256.00	404.90
6 months	259.80	408.00
12 months	267.75	414.90

GOLD COINS	$ price	£ equivalent
Krugerrand	350.00-353.00	219.00-221.00
Maple leaf	83.00-84.00	52.00-54.00
New Sovereign	380.50-363.50	226.00-228.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Aug	May	Aug
1075	38	68	1	9
1100	17	50	5	16
1125	5	36	17	26
Copper (Grade A)	Calls		Puts	
1800	112	163	4	39
1850	71	131	13	55
1900	40	103	30	77
Coffee	Jul	Sep	Jul	Sep
850	48	68	23	44
900	24	47	49	73
950	12	32	87	108
Cocoa	Jul	Sep	Jul	Sep
700	18	39	37	46
725	9	30	55	62
750	5	23	78	80
Brent Crude	Jun	Jul	Jun	Jul
1900	18	34	23	
1950	5	15		
2000	1	7		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Apr	352.8	346.5	353.3	349.6
May	353.1	346.8	0	0
Jun	353.8	347.5	354.7	350.3
Aug	355.2	348.9	355.9	351.7
Oct	356.5	350.2	357.0	353.7
Dec	357.8	351.4	358.8	354.2
Feb	359.3	352.9	359.2	358.6
Apr	360.7	354.3	360.5	358.8
Jun	362.1	355.7	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Apr	380.7	380.2	383.0	378.0
Jul	377.2	377.2	380.5	375.8
Oct	376.0	376.0	379.0	376.0
Jan	375.2	375.2	379.0	375.5
Apr	375.0	375.0	377.0	376.5

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Apr	408.5	395.4	403.0	403.0
May	408.5	395.5	409.0	398.5
Jun	407.8	396.8	0	0
Jul	409.3	398.2	412.0	402.5
Sep	412.0	400.8	414.0	405.0
Dec	416.0	404.7	419.0	409.5
Jan	416.5	405.1	0	0
Mar	420.1	408.6	421.5	415.0
May	422.7	411.1	423.0	420.0
Jul	425.8	414.1	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Apr	84.85	85.10	85.75	84.78
May	84.95	85.00	85.90	84.40
Jun	85.25	85.25	85.75	85.75
Jul	85.60	85.55	86.45	84.90
Aug	85.95	85.90	0	0
Sep	86.25	86.20	86.85	85.95
Oct	86.50	86.45	0	0
Nov	86.80	86.75	0	0
Dec	87.15	87.10	87.90	87.20
Jan	87.35	87.30	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jun	20.81	20.34	20.38	20.25
Jul	20.51	20.51	20.55	20.45
Aug	20.63	20.63	20.66	20.59
Sep	20.71	20.70	20.75	20.65
Oct	20.75	20.74	20.75	20.68
Nov	20.78	20.76	20.74	20.70
Dec	20.77	20.77	20.77	20.73
Jan	20.78	20.78	20.73	20.73
Feb	20.74	20.74	20.71	20.69
Mar	20.72	20.72	20.69	20.69

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
May	55.70	55.82	56.10	55.40
Jun	55.75	55.78	56.05	55.50
Jul	56.15	56.18	56.45	55.95
Aug	56.70	56.79	56.95	56.60
Sep	57.70	57.73	57.90	57.50
Oct	58.63	58.68	58.90	58.40
Nov	59.50	59.58	59.85	59.40
Dec	60.40	60.43	60.30	60.30
Jan	60.80	60.86	61.00	60.80
Feb	60.63	60.63	0	0

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
May	920	905	930	905
Jul	951	931	960	932
Sep	978	958	989	960
Dec	1015	993	1021	998
Mar	1044	1026	1052	1028
May	1070	1052	0	0
Jul	1093	1075	0	0
Sep	1116	1098	1100	1096
Dec	1146	1129	0	0
Mar	1181	0	1185	1160

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
May	57.75	54.00	58.00	54.00
Jul	59.18	55.90	59.30	55.90
Sep	60.90	57.75	61.20	57.90
Dec	63.65	60.35	63.90	60.70
Mar	66.20	62.75	66.20	64.00
May	67.35	64.30	67.60	66.00
Jul	69.15	66.05	0	0
Sep	70.75	67.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
May	12.45	12.00	12.48	11.88
Jul	12.81	12.38	12.83	12.30
Oct	12.18	11.86	12.18	11.82
Mar	11.23	11.60	11.25	11.00
May	11.18	10.92	11.20	10.98
Jul	11.16	10.88	11.15	11.10

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
May	60.95	60.64	61.20	60.42
Jul	62.43	61.88	62.48	61.75
Oct	62.60	62.05	62.60	62.10
Dec	61.48	61.05	61.50	60.95
Mar	62.55	62.10	62.40	62.20
May	63.15	62.80	0	0
Jul	63.55	63.20	0	0
Oct	63.25	63.20	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
May	87.65	88.70	89.10	87.35
Jul	91.90	92.10	92.80	90.80
Sep	94.05	95.00	95.50	94.00
Nov	96.30	97.25	98.20	97.50
Jan	99.50	100.20	100.50	99.50
Mar	101.20	102.05	102.00	102.00
May	101.90	102.05	0	0
Jul	107.90	102.05	0	0
Sep	101.90	102.05	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Apr.26	Apr 23	mnth ago	yr ago
1653.9	1648.0	1729.4	1608.4

DOW JONES (Base: Dec. 31 1974 = 100)				
	Apr.23	Apr 22	mnth ago	yr ago
Spot	120.78	123.63	125.81	114.72
Futures	124.47	120.17	127.80	119.68

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
May	595/0	592/4	595/6	591/2
Jul	597/4	594/2	598/2	592/6
Aug	599/0	595/6	599/2	594/6
Sep	600/2	596/0	600/2	595/4
Nov	603/6	600/2	604/2	598/2
Jan	610/4	607/0	610/4	605/4
Mar	617/2	613/2	617/2	612/4
May	620/4	617/0	620/4	616/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
May	21.39	21.06	21.40	21.01
Jul	21.68	21.34	21.69	21.27
Aug	21.80	21.46	21.80	21.42
Sep	21.90	21.56	21.90	21.53
Oct	22.01	21.67	22.03	21.62
Dec	22.25	21.90	22.25	21.85
Jan	22.33	21.98	22.33	22.10
Mar	22.50	22.10	22.50	22.22

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
May	185.5	184.8	185.8	184.6
Jul	186.7	186.1	186.8	185.7
Aug	187.2	186.8	187.4	186.5
Sep	188.1	187.6	188.2	187.8
Oct	188.7	188.1	188.7	188.1
Dec	190.4	190.1	190.7	189.8
Jan	181.0	190.7	161.0	190.7
Mar	181.5	191.3	131.8	161.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
May	225/4	224/2	226/0	223/6
Jul	231/0	229/6	231/6	229/0
Sep	235/4	234/6	236/2	234/0
Dec	240/2	239/6	240/6	238/6
Mar	247/0	246/2	247/0	245/2
May	251/0	250/0	251/0	249/6
Jul	254/2	252/6	254/2	252/4
Dec	249/0	246/4	249/2	246/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
May	352/2	352/2	353/0	345/4
Jul	299/6	304/4	303/4	289/0
Sep	303/2	307/4	306/0	302/4
Dec	313/2	318/2	318/4	313/0
Mar	318/4	322/0	320/0	318/0
Jul	317/0	313/0	317/0	313/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	76.225	75.825	76.650	75.675
Aug	73.575	73.250	73.625	73.175
Oct	74.075	73.850	74.500	73.850
Dec	74.400	74.125	74.775	74.125
Feb	76.800	73.475	74.250	73.550
Apr	76.050	74.900	75.250	74.900
Jun	72.600	0	73.000	72.600

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Jun	81.775	51.100	52.025	81.300
Jul	50.750	60.100	51.050	50.350
Aug	48.375	47.950	48.625	48.200
Oct	42.800	42.700	43.225	42.750
Dec	43.900	43.850	44.150	43.850
Feb	44.200	44.100	44.350	44.200
Apr	42.900	42.900	43.250	42.800

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
May	46.225	46.775	47.275	44.775
Jul	47.375	47.800	48.400	46.125
Aug	45.250	45.850	46.100	44.000
Feb	42.150	41.950	42.600	42.050
Mar	41.100	41.100	41.400	0
May	44.000	0	46.300	44.000

LONDON STOCK EXCHANGE

Shares hit again by nervous selling

By Terry Byland, UK Stock Market Editor

FRESH evidence of economic recovery in the UK proved no help yesterday to a UK stock market overshadowed by renewed firmness in sterling, which depressed the blue chip international stocks. Second line issues suffered only minor losses but the FT-SE 100 Index fell a further 20 points towards the lower end of its trading range.

London's financial district spent the day coming to terms with the damage to property and confidence inflicted by Saturday's huge bomb explosion in the City. Securities trading appeared little affected, however, in spite of at least one bomb scare which prompted temporary evacuation of a leading financial house.

Confidence in the outlook for equities was challenged by further demand for gold. In the past, this has often indicated a flight from currencies and paper securities because of inflation fears, but London traders refused to believe that such views are credible at present. Nervousness was compounded by a fresh slide in the Footsie futures contract, which at the close was challenging an important support level.

The FT-SE 100 Index ended the day 21.5 down at 2,822.3, now around 24 points below the level at which it started the year. Market analysts admitted that if the Footsie fails to hold at around 2,780, then it could be vulnerable all the way down to 2,700.

The fall in the Footsie would have been greater but for another spate of bid speculation in United Biscuits, as the shares responded to widespread hints of an impending takeover offer either from Cadbury Schweppes or another food industry leader.

Strategists fear that the UK stock market, currently valued on more than 14 times this year's prospective earnings, may have already discounted too much recovery in the economy and in corporate profits and dividends.

Such fears appeared supported by a cool reception from equities yesterday to news of a 0.2 per cent rise in UK gross domestic product in the first quarter of the year. While this was hailed both by market analysts and Mr Norman Lamont, the UK chancellor of the exchequer, as convincing evidence that the recession in the UK economy is over, it brought no perceptible recovery from early losses in share prices.

Although off the top at the close, sterling made further progress against both the US dollar and the German D-Mark, and falls in shares of Britain's overseas earnings companies reflected the forced rise in their selling prices. At the same time, firmness in the pound is now thought unlikely to bring further reductions in UK base rates.

The second line stocks, however, continued to avoid selling pressure. At 3,133.8, the FT-SE Mid 250 Index shed only 2.4 points.

Trading volume decreased sharply yesterday, with the Seaq total reaching only 491.9m shares compared with Friday's 700.6m. Trading in non-Footsie stocks made up about 61 per cent of total business yesterday, maintaining the average of recent trading sessions.

Customer, or retail, business in equities has remained at comfortably profitable levels for the securities houses since the middle of September, when sterling's departure from the ERM triggered the recovery in share prices. On Friday, retail business was worth £1.23bn.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ASDA Group	18,000	73	+1½	Courtaulds	605	653	-1½	Lonrho	14,000	88½	+4	Shell Transport	2,600	560½	-6½
Abbey National	4,200	393	-2	Dalgety	720	448	-3	Lucas	394	155	-3	Siebe	394	468	-11
Albert Fisher	264	67		De La Rue	159	709	+7	MB Caradon	1,400	300	-3	Slough Ests	677	174	+3
Allied-Lyons	849	581	+1	Dixons	2,300	217	-4	MEPC	616	383	+7	Smith (W.H.) A	678	443	-2
Amstrad	2,300	33½	-1½	Eastern Elec.	457	480	+1	Manweb	409	541	+3	Smith & Nephew	1,300	148	+1
Anglian Water	434	504	-8	East Midland Elec.	60	462	-1	Marks & Spencer	4,000	351		SmKl Beecham	151	448	-3
Argos	153	310	+2	Eng China Clays	160	440		Midlands Elec.	82	500	-1	SmKl Beecham Uts.	541	389½	-2½
Argyll Group	2,600	342		Enterprise Oil	330	478	-8	Morrison (Wm.)	68	168		Smiths Inds.	109	357	
Arjo Wiggins	1,100	190	-2	Eurotunnel Units	142	424	-1	NFC	1,500	257	-4	Southern Elec.	403	480	+1
Ass. Brit. Foods	91	443	+1	FKI	327	128	-1½	NatWest Bank	4,200	468		South Wales Elect.	5	548	+3
Ass. Brit. Ports	172	385	+1	Fisons	2,400	198		National Power	2,800	333	-4	South West Water	369	527	-7
BAA	1,700	157	-15	Foreign & Col. I.T.	252	216	-2	Next	483	166	+½	South West. Elect.	225	506	+2
BAT Inds.	1,900	853	+4	Forte	2,800	190½	-2½	North West Water	131	496	-6	Southern Water	1,000	515	-8
BET	4,700	97	+1	Gen. Accident	1,400	564	-7	Northern Elec.	617	516	-1	Standard Chart.	583	748	-3
BICC	1,500	361	+1	General Elec.	5,600	318	+1	Northern Foods	1,100	280	-½	Storehouse	561	208	+3
BOC	450	701	+5	Glaxo	2,200	571	+2	Norweb	535	521	+3	Sun Alliance	1,400	326	-5
BP	2,500	283½	-6	Glynwed Int.	16	302	-3	Pearson	665	418	-10	T&N	1,200	173	-1
BPB Inds.	1,000	228	-5	Granada	1,400	398	-1	P & O	1,400	569	-2	TI Group	178	300	-6
BT	4,800	413	-4	Grand Met.	1,700	435	-5	Pilkington	2,100	133	-2	TSB	8,500	189	-3½
BTR	3,500	605	-3	GUS A	613	1700	+18	PowerGen	853	343	-2	Tarmac	5,000	133	-2
Bank of Scotland	1,300	133½	-2½	GRE	146	179	-2	Prudential	2,900	326	-5	Tate & Lyle	1,000	402	-3
Barclays	4,000	431	-9	GKN	1,000	487	+2	RMC	729	846	-13	Taylor Woodrow	256	104½	-3½
Bass	1,000	548		Guinness	2,100	414	-3	RTZ	3,700	652	+3	Tesco	4,200	225	+1
Berisford Int.	0	128		HSBC (75p shs)	1,400	615	-2½	Racal	425	215		Thames Water	1,100	511	-5
Blue Circle	3,500	244	-5	Hammerson 'A'	442	337	+3	Rank Org.	1,300	712	+2	Thorn EMI	650	862	-8
Booker	479	384	+4	Hanson	5,100	235	-3	Reckitt & Colman	170	568	-7	Tomkins	872	241½	-3½
Boots	6,600	464	-29	Hanson Warrants	7,600	23¼	-1¼	Redland	859	440	-2	Trafalgar House	5,000	50½	-1
Bowater	1,300	501	-6	Harrisons Crosfield	305	177		Reed Intl.	1,000	641	-12	Unigate	991	362	+7
Brit. Aerospace	1,000	316	-2½	Hillsdown	2,300	165	-1	Rentokil	755	201	-4	Unilever	789	1102	-13
British Airways	1,000	280	-3	IMI	198	290	-4	Reuters	404	1258	-28	United Biscuits	8,300	428	+29
British Gas	3,800	306	-3½	ICI	2,700	1237	-20	Rolls Royce	4,500	135	+3	Utd. Newspapers	329	581	+3
British Land	208	358	+3	Inchcape	1,400	601	-2	Rothmans	197	615		Vodafone	1,000	373	-4
British Steel	4,700	91½	-1½	Johnson Matthey	251	456	+5	Royal Bk Scotland	432	268	-2	Warburg (SG)	276	871	
Bunzl	154	133	-1	Kingfisher	841	604	+3	Royal Insurance	1,800	326		Wellcome	615	719	-17
Burmah Castrol	338	770	-1	Kwik Save	821	788	+18	Saatchi	140	172		Welsh Water	421	573	-10
Burton	6,800	83½	+1	Ladbroke	868	175	+5	Sainsbury	825	477	-4	Wessex Water	34	523	-2
Cable & Wire	1,000	707	-8	Land Securities	379	530	+5	Scottish & New	214	484		Whitbread 'A'	328	469	-2
Cadbury Schweppes	4,300	471	-8	Laporte	241	663		Scot. Hydro-Elect.	144	280	-4	Williams Hldgs.	492	340	
Calor Group	158	255	-1	Legal & General	703	480	+3	Scottish Power	148	313	-2	Willis Corroon	330	177	-2
Carlton Comms.	761	743	-3	Lloyds Abbey	350	441	+1	Sears	3,400	107	+1	Wimpey	2,000	178	-4
Coats Viyella	95	238	-2	Lloyds Bank	2,000	523	-8	Sedgwick	1,900	170	+3	Wolseley	158	586	
Comm. Union	1,000	608	-8	LASMO	908	146	-1	Seeboard	33	508	+1	Yorkshire Elec.	33	530	
Cookson	482	199	-1	London Elec.	147	477	+2	Severn Trent Water	678	494	-5	Yorkshire Water	480	555	-3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:	Apr 19	May 10	May 24
Option Declarations:	May 6	May 20	Jun 3
Last Dealings:	May 7	May 21	Jun 4
Account Day:	May 17	Jun 1	Jun 14

*New time dealings may take place from 8.30am two business days earlier.

UB bid talk gains ground

THERE WAS no let-up yesterday in the takeover talk surrounding United Biscuits as speculators rushed to buy stock amid a rash of rumours fuelled by widespread suggestions in the weekend press. As UB shares opened sharply higher, market attention focused on Cadbury Schweppes as the prime predatory suspect, its shares coming under pressure on speculation that a massive rights issue might be required to mount such a bid. Food analysts have put a price tag of around £3.5bn on UB.

The rise in UB shares was sustained throughout the day, with the size of individual deals suggesting that smaller speculators dominated the buying. Investor zeal was spurred by the view of one leading securities house that UB's break-up value in a hostile bid would be 600p a share.

In spite of the small lots being bought, there was further stake-building speculation. On Friday, when bid rumour began to gather, there was talk that one leading securities house was building a stake for Hanson, another alleged predator.

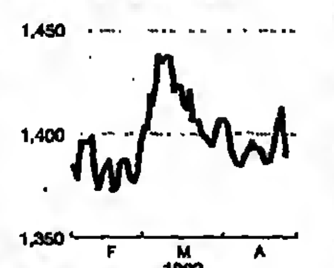
Yesterday, dealers said one foreign bank was in the market bidding for 10m UB shares, although final turnover of 8.3m suggested it had been unsuccessful. UB, nevertheless, recorded its largest daily trading volume since last September, and the equivalent of a further 1.6m shares were dealt in the options market. UB finished 29 stronger at 428p.

Food manufacturing specialists remained sceptical about the affair. Mr Carl Short at Nomura said: "The whole thing looks like smoke without fire. None of the companies that are being mentioned as potential bidders sound plausible at this point."

Other experts said that although informal discussions are thought to have taken place between UB and Cadbury executives, the feedback from both companies was dismissive. One analyst commented: "It all points to a ramp in the share price."

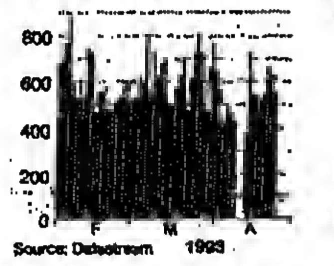
Analysts' scepticism allowed Cadbury shares to partially recover, closing a net 8 adrift at 471p. Hanson was 3 easier at 235p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Source: Datastream

Boots hit

Shock news that Boots' heart drug could kill sent the company's shares plunging. The fall reversed gains made earlier in the day which had been prompted by unfortunately timed recommendations.

Several brokers were advising clients to buy stock first thing yesterday. They have been arguing that worries over the Do-It-All chain have been overdone and the share rating is undeservedly low.

Then, in the afternoon, Boots issued a statement on Manoplax which contained the chilling sentence: "Preliminary results have shown that patients receiving the 100mg a day dose of the drug have a significantly increased risk of death compared to those not receiving the drug."

The shares plummeted from a high of 497p to close 29 down on the day at 464p after unusually high turnover of 6.6m.

Analysts were generally unprepared to speak out publicly after the news but many said the whole future of the drug was now in question. One said: "This is the second piece of surprise news on Manoplax. Last time it was indicated that the placebos were more effective than the drug. Another spoke of "complete incompetence on the part of of the management."

Analysts had pencilled in earnings projections of around £250m for the treatment in 1996. However, if the drug is pulled it will boost short-term profits, which are being dragged down by spending of up to £45m in marketing and research and development.

BP upset

The substantial outperformance of BP against the wider market and the oil sector since the turn of the year was being eroded again yesterday as the shares continued to react to sterling's appreciation against the dollar.

BP shares have risen more than 16 per cent since the year-end, against a 0.3 per cent decline in the FT-SE 100 Index and a 3.4 per cent rise in the FT-Actuaries oil index.

However, the near 5 cents decline in the sterling/dollar rate in the past couple of weeks has triggered a reappraisal of BP's earnings profile, which is substantially affected by currency shifts. And US investors, who have provided much of the buying in the past year or so, have pulled out of the market in recent sessions as Wall Street has come under pressure.

BP dipped 6 to 283½p, albeit in thin turnover of 3.1m shares. Dealers said the market had merely adjusted to the latest currency shifts plus small profit-taking. Shell slipped 5½ to 560½p with 2.2m traded.

The banks sector came back with the rest of the market, with Barclays – said by dealers to have been overbought on Friday – retreating 9 to 431p after turnover of 4m. Lloyds lost 8 to 523p. NatWest performed well, despite the substantial damage to its headquarters building in the City, with the shares holding 468p on good turnover of 3.8m.

Bank of Scotland, the Footsie's best performing stock last week with an 11.5 per cent rise, eased 2½ to 133½p. TSB, where the market is still expecting news of a sizeable disposal, possibly of the Hill Samuel merchant banking operation, and where there remain lingering takeover hopes, eased 3½ to 188p on heavy turnover of 6.6m shares.

Merchant banks, meanwhile, continued to move ahead with Kleinwort Benson the sector's best performer and climbing 7 more to break through the 400p barrier and close at 401p, the stock's highest closing level since March 1990.

The massive damage wrought in the City of London by the IRA bomb had little impact on an insurance sector still fretting about last week's slide in the equity market. Sun Alliance eased 5 to 326p and General Accident 7 to 564p.

Conglomerate Suter added 5 at 144p on a press tip. Engineering group Fenner lifted 7 to 80p on speculation that Wassall, the mini-conglomerate run by former Hanson executives which acquired a 1.6 percent stake last June might be building up to a bid. Wassall shares were unchanged at 240p.

Supermarket group Asda continued to climb, the shares gaining 1¼ to 73p in turnover of 17m. The stock was aided by an upgrade from James Capel which raised its 1994 forecast by £20m to £205m and the following year's by £35m to £250m. The last few month's trading at the group is said to have been encouraging.

Hoare Govett was said to be positive on Booker. The shares added 4 to 384p.

Internationally traded stocks with large dollar earnings suffered from the further slide of the US currency against the pound. Siebe, which earns 60 per cent of profits in the US, fell 11 to 468p, Reuters Holdings dropped 28 to 1258p and ICI shed 20 to 1237p.

However, BAT Industries recovered 4 to 853p as several securities houses decided recent selling was overdone.

Bank note printer De La Rue saw its highly valued shares rise a further 7 to 709p following an enthusiastic report in the US financial press. The article highlighted the company's links with the former communist countries of eastern Europe.

Farnell jumped 9 to 387p after preliminary results at the top end of market estimates. Unitech rose 16 to 260p and Sage 23 to 619p.

Building stocks provided a handful of strong perfomers, notably Mowlem, 3 higher at 114p and Prowting which jumped 6 to 110p.

Tarmac, reporting preliminary figures today and expected to include massive provisions of around £300m, lost 6 to 134p.

Talk of a UBS buy recommendation drove Rolls-Royce 3 higher to 135p.

Water shares remained under moderate selling pressure, with the footsie stocks attracting persistent small selling. Anglian lost 6 to 504p, North West 5 to 496p, Severn Trent the same to 494p.

MARKET REPORTERS: Peter John, Steve Thompson, Christopher Price.

■ Other statistics, Page 23

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (154). CANADIANS (3) Amer. Barrick, Echo Bay, TVX, BANKS (1) TSB, BREWERS (3) Fuller [illegible], Mansfield, Taunton Cider, BLDG MATLS (10) Baggeridge Brick, Blockleys, Blue Circle, Do 7¾pc Pf., Epwin, Haywood Wms. Cv. Pf., Pilkington, Polypipe, Rugby, Wickes, BUSINESS SERVS (4) BNB, Brooks Serv., Gardiner, Reed Exec., CHEMS (1) Croda, CONTG & CONSTRCN (5) Gleeson, Green (E), Hewden-Stuart, Mowlem, Prowting, ELECTRICALS (3) Jones Stroud, Unidare, Wholesale Fitgs., ELECTRONICS (6) Control Techs., Druck, Radamec, Sage, TDS, Unitech, ENG AERO (1) Br. Aerospace, ENG GEN (7) BSS, Carclo, Clyde Blowers, Hall, Hopkinsons, Mayflower, VSEL, FOOD MANUF (3) Linton, Sheldon Jones, Utd. Biscuits, HEALTH & HSEHOLD (2) Crestcare, Ransom, HOTELS & LEIS (1) Surleigh, INSCE BROKERS (1) Berry Birch, INSCE LIFE (1) Transatlantic, INV TRUSTS (13) Abtrust New Dawn B Wts., Amicable Smlr., China & Eastern, Drayton Korea, Gartmore Emrg. Pacific, Do Wts., Hong Kong, Oriental Smlr. Co's, RIT Cap., Do 2½pc '00, Siam Selective Gwth., Sth. East Asian Wts., MEDIA (8) Aegis, Do 9½pc Pf., EMAP, Johnston Press, Metro Radio, More O'Ferrall, Quarto, SelecTV, Wassoughs, MERCHANT BANKS (1) Kleinwort Benson, MTL & MTL FORMING (2) Bilton, Ferraris, MISC (6) Alumasc, Le Creuset, Savage, Spandex, Walker Greenbank, MOTORS (1) Mid-States, OIL & GAS (5) Edinburgh Oil, Gulfstream, Hardy, Tullow, Villiers, OTHER FINCL (7) First Natl. 7pc Pf., Invesco MIM, Jupiter Tyndall, King & Shaxson, Lon. Forfaiting, Perpetual, St James's Place, OTHER INDLS (2) Brown & Tawse, Wilshaw, PACKG, PAPER & PRINTG (8) API, Capital Inds., De La Rue, Enso-Gutzeit, Gibbon Lyons, Repola, Stat-Plus, Tinsley Robor, Wace, PROP (8) Cap. & Regional, Daejan, Denoora, Hembro Countryside, Merivale Moore, Prop. Security, Regalian, Savills, STORES (4) Courts, Kingfisher, Do 5½pc Ln. '00, Moss Bros., TEXTS (3) Parkland, Yorklyde, MINES (35).

NEW LOWS (41).

BRITISH FUNDS (3) Treas. 12½pc '93, Exch. 13½pc '94, Treas. 14pc '96, AMERICANS (3) CPC, Gillette, Quakers Oats, BLDG MATLS (1) St Gobain, BUSINESS SERVS (1) Rentokil, CHEMS (3) BOC, Hoechst, CONTG & CONSTRCN (1) Micro Focus, ELECTRONICS (2) Linx, Micro Focus, FOOD MANUF (2) Nestle (Br), Do (Reg), FOOD RETAILING (1) Low (Wm), HEALTH & HSEHOLD (7) AAH, Bexter, Crieghton, Lilly (Eli), ML Labs., Reckitt & Colman, Do 9½pc Cv Bd., INSCE BROKERS (2) Alex. & Alex., Sturge, MEDIA (2) Dorling Kindersley, Reuters, MISC (1) BAT Inds., OTHER INDLS (8) Eleco, Staveley, PACKG, PAPER & PRINTG (1) Smurfit, STORES (3) Boots, Reject Shop, TELE NETWORKS (4) Cable & Wire. 7pc Cv. '08, Securicor, Do N/V, Security Servs., TEXTS (3) Campari, Hewitt, Lyles (S), TRANSPORT (1) Tiphook.

FINANCIAL TIMES EQUITY INDICES

	April 26	April 23	April 22	April 21	April 20	Year ago	*High	*Low
Ordinary share	2222.8	2240.4	2262.2	2243.5	2224.9	2073.7	2259.5	2124.7
Ord. div. yield	4.16	4.13	4.07	4.11	4.15	4.39	4.52	4.07
Earning yld % full	6.28	6.22	6.14	6.18	6.25	6.30	6.35	5.79
P/E ratio net	19.78	19.97	20.23	20.04	19.85	19.87	22.04	19.57
P/E ratio nil	18.45	18.65	18.99	18.71	18.54	18.62	20.30	18.25
Gold Mines	137.0	121.4	119.9	121.2	121.5	107.4	127.0	80.0

*for 1993. Ordinary share index since compilation: high 2259.5 10/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2238.3	2238.2	2238.4	2234.8	2232.6	2233.3	2232.7	2234.0	2226.0	2240.7	2222.8

Volume	April 26	April 23	April 22	April 21	April 20	Year ago
SEAQ Bargains	29,508	29,823	29,408	29,696	27,514	32,415
Equity Turnover(£m)†	-	1231.1	1820.7	1473.2	1151.8	981.9
Equity Bargains†	-	34,139	35,628	34,514	33,004	35,920
Shares traded (mil)†	-	628.5	828.6	862.4	548.0	430.3

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

A DULL and mostly downward day in stock market futures, with volume levels half of Friday's, left dealers gloomy about the short-term outlook, writes Christopher Price.

The June contract on the FT-SE 100 opened at 2,845 and was initially squeezed up. It reached 2,849 within a short period, which turned out to be the high point of the session.

Dealers said that with little new economic news to focus on – the official end to the recession already factored in to the price – buyers of June were few and the contract began a slow drift.

A lacklustre Wall Street opening failed to inspire a rally and June continued its decline throughout the afternoon period, a fall that gathered momentum towards the close. It finished at 2,822, just two points ahead of what is seen as a significant resistance point for the contract.

Dealers said the downward pressure was such that further weakness could be seen at the opening today. Should 2,820 be breached, the next resistance point is at 2,794 and then all the way down to 2,700. The more pessimistic futures traders are preparing for such a bout of short-term selling. The closing level was around 5 points below current fair value of 6. Volume was 7,509 lots.

Forte topped the stock options list, with 2,030 contracts dealt. Bid candidate United Biscuits was also busy, with 1,648 lots transacted. The total volume was 22,056.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2822.3 -21.5	3133.8 -2.4	1392.17 -7.67

	Apr 26	Day's change %	Apr 23	Apr 22	Apr 21	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2822.3	-0.8	2843.8	2861.1	2869.6	2658.2	8.44	4.04	19.78	36.73
FT-SE Mid 250	3133.8	-0.1	3136.2	3138.7	3115.0	2702.8	6.51	3.72	19.36	31.93
FT-SE-A 350	1406.4	-0.6	1414.9	1429.3	1422.9	1299.9	6.45	3.97	19.68	11.42
FT-SE SmallCap	1582.31	+0.2	1579.87	1572.30	1561.87	-	4.65	3.60	30.92	15.62
FT-SE SmallCap ex Inv Trusts	1595.22	+0.2	1591.39	1582.06	1570.14	-	5.14	3.81	28.89	18.17
FT-A ALL-SHARE	1392.17	-0.5	1399.84	1412.88	1408.33	1282.70	6.34	3.94	20.13	17.02
1 CAPITAL GOODS(213)	978.58	-0.3	979.72	977.77	969.31	884.48	5.48	3.95	23.94	13.64
2 Building Materials(27)	1032.22	-1.1	1043.36	1032.53	1021.86	1114.19	4.98	4.76	28.35	16.49
3 Contracting, Construction(29)	970.40	-0.8	978.57	958.71	947.13	1019.05	2.68	3.42	80.00†	9.96
4 Electricals(15)	2774.61	+0.2	2770.06	2758.78	2759.31	2644.80	5.39	4.87	23.81	65.13
5 Electronics(37)	2676.10	+0.3	2668.43	2673.90	2679.95	1918.95	5.92	2.93	21.38	18.34
6 Engineering-Aerospace(7)	374.43	+0.5	372.65	368.74	357.78	391.08	5.48	3.92	24.20	3.60
7 Engineering-General(51)	558.99	-0.7	561.10	560.95	555.03	531.79	6.99	3.01	18.45	7.00
8 Metals & Metal Forming(11)	401.62	-0.7	404.85	405.59	399.16	356.70	4.32	3.06	33.66	0.66
9 Motors(18)	398.18	-0.2	399.08	397.15	393.30	362.80	5.13	5.54	27.91	9.47
10 Other Industrials(18)	2083.81	-0.1	2085.89	2096.00	2077.28	1795.74	5.69	3.94	21.60	36.17
21 CONSUMER GROUP(234)	1649.79	-0.4	1656.37	1673.12	1663.56	1713.22	8.91	3.42	11.88	17.03
22 Brewers and Distillers(29)	1934.88	-0.4	1942.95	1952.64	1938.84	2180.40	8.33	3.73	14.69	20.00
25 Food Manufacturing(22)	1370.33	....	1370.83	1371.54	1366.48	1294.53	7.43	3.69	17.02	21.23
26 Food Retailing(18)	3012.36	+0.1	3009.82	3025.90	2988.08	2875.87	8.51	3.33	15.29	18.46
27 Health & Household(27)	3394.48	-0.5	3410.10	3525.57	3526.62	4070.80	6.76	3.35	17.11	32.64
29 Hotels and Leisure(20)	1215.74	-0.2	1278.22	1286.87	1289.17	1430.70	5.64	4.57	24.19	25.01
30 Media(33)	1880.41	-1.1	1901.96	1918.07	1898.80	1634.21	5.37	2.72	22.99	22.13
31 Packaging and Paper(24)	874.63	-0.3	877.44	869.88	865.83	847.05	5.81	3.32	21.18	9.37
34 Stores(39)	1176.42	-0.8	1183.21	1188.99	1173.80	1135.66	6.17	2.95	21.44	5.86
35 Textiles(20)	799.31	-0.3	801.60	808.30	805.75	737.48	6.38	3.84	19.91	10.78
40 OTHER GROUPS(142)	1470.41	-0.7	1480.06	1498.54	1495.53	1305.15	8.35	4.27	14.75	18.00
41 Business Services(27)	1811.96	-0.3	1818.78	1630.62	1629.98	1428.28	5.68	3.12	21.60	12.13
42 Chemicals(23)	1505.55	-0.6	1514.90	1541.33	1509.51	1602.53	5.99	4.58	21.07	24.53
43 Conglomerates(11)	1428.53	-0.9	1442.04	1460.25	1434.87	1451.88	7.36	5.27	15.33	18.55
44 Transport(16)	2835.29	-1.1	2866.09	2869.27	2846.90	2569.52	7.63	3.96	15.79	42.36
45 Electricity(16)	1130.66	-0.4	1736.97	1760.25	1760.50	1263.08	12.52	4.18	10.27	29.90
46 Telephone Networks(4)	1693.54	-1.0	1711.01	1730.71	1746.68	1441.08	7.77	3.79	18.78	1.63
47 Water(13)	3466.65	-1.0	3500.14	3528.84	3532.98	2741.22	13.01	4.79	8.54	11.83
48 Miscellaneous(32)	2238.22	+0.3	2231.54	2278.74	2299.55	2027.53	7.23	4.54	17.25	41.41
49 INDUSTRIAL GROUP(589)	1433.35	-0.5	1440.11	1452.43	1445.18	1377.85	7.15	3.81	17.48	16.09
51 Oil & Gas(18)	2374.50	-1.3	2406.27	2457.31	2452.62	2096.18	6.09	4.67	20.87	27.46
59 "500" SHARE INDEX(607)	1518.58	-0.6	1527.15	1542.29	1535.09	1441.90	7.03	3.93	17.79	17.11
61 FINANCIAL GROUP(89)	997.07	-0.5	1002.44	1008.85	1003.85	759.54	3.34	4.25	52.87	18.17
62 Banks(9)	1369.91	-0.8	1381.49	1395.30	1391.34	967.37	4.70	3.93	31.27	26.94
65 Insurance (Life)(6)	2018.19	-0.7	2032.78	2044.99	2022.03	1502.04	2.53	4.42	67.93	47.49
66 Insurance (Composite)(7)	645.25	-1.1	652.40	659.91	651.64	513.09	‡	4.81	‡	15.60
67 Insurance Brokers(10)	772.41	....	772.42	774.93	778.75	985.37	7.42	5.07	18.11	11.10
68 Merchant Banks(6)	649.21	+0.4	646.92	641.73	635.83	509.00	7.25	3.38	17.39	4.71
69 Property(28)	777.68	+1.1	769.23	762.54	762.51	706.83	6.16	5.10	22.14	4.02
70 Other Financial(23)	361.28	+0.7	358.64	357.03	355.54	250.71	6.40	4.55	20.44	3.78
71 Investment Trusts(108)	1441.64	-0.3	1445.42	1456.01	1453.15	1222.15	2.78	2.83	43.83	12.37
99 FT-A ALL-SHARE(804)	1392.17	-0.5	1399.84	1412.88	1408.33	1282.70	6.34	3.94	20.13	17.02

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2841.8	2840.9	2838.8	2833.5	2830.1	2831.0	2829.4	2832.0	2823.2	2844.3	2822.0
FT-SE Mid 250	3136.5	3136.9	3137.8	3137.0	3135.9	3138.3	3135.9	3136.8	3134.3	3138.2	3133.8
FT-SE-A 350	1414.2	1413.9	1413.1	1411.0	1409.6	1410.0	1409.3	1410.4	1406.6	1415.2	1406.3

Time of FT-SE 100 high: 8.35 ; low: 16.24

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	1925.6	1924.4	1924.4	1929.1	1924.3	1923.1	1918.4	1917.9	1909.0	1907.0	1930.6	-23.6
Health&H	1020.6	1022.7	1027.0	1023.9	1020.7	1020.7	1020.7	1023.1	1020.3	1020.3	1025.2	-4.9
Water	1447.4	1447.9	1444.0	1444.5	1434.2	1435.0	1433.8	1434.2	1430.0	1431.3	1445.8	-14.5
Banks	1679.1	1678.4	1671.4	1671.1	1669.8	1669.8	1668.4	1668.3	1662.6	1663.9	1678.4	-14.5

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
Treas 11½pc 2001-4	119⅝	-⅛	122⅝	116⅝	9.68	8.15
Funding 3½pc '99-4	70⅞	-⅜	74⅛	67⅝	4.95	7.38
Conversion 9½pc 2004	108⅝xd	-⅜	112⅝	105⅝	8.69	8.21
9½pc 2005	109⅛	-⅜	112⅞	105⅝	8.68	8.23
Treas 12½pc 2003-5	127⅞xd	-⅛	131⅛	124⅛	9.78	8.47
[illegible]						

Other Treasury, Exchequer and Conversion stocks: Over Fifteen Years; Undated [illegible]

BRITISH FUNDS - Cont.

Index-Linked	Notes	Price £	+ or -	1993 high	1993 low	Yield (1)	Yield (2)
Treas. 2pc '94	(102.9)	133⅛xd	--	133⅛	131⅝	-	1.07
2pc '96	(67.9)	186⅛	--	197⅞	134⅞	1.74	2.51
4⅝pc '98	(135.6)	100⅝xd	...	100⅞	105⅝	2.23	2.61
2½pc '01	(78.3)	165⅛	-⅛	166⅛	150	2.73	3.01
2½pc '03	(78.8)	162⅛xd	-⅛	167⅞	155	2.98	3.16
[illegible]							

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1992: 138.9 and for March 1993: 139.3.

OTHER FIXED INTEREST

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]						

Continued on next page

AMERICANS

	Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		16¼xd	–⅛	20¼	15⅛	13,486	2.8
Allegheny & W.	♥	381p	—	571p	339p	280.3	4.1
Amdahl		372p	—	591p	372p	417.8	1.8
Amer Cyanamid		32½	—	38⅝	31¾	2,890	3.5
Amer Express		18⅞xd	+⅛	19½	14⅞	8,783	3.6
Amer T & T		35⅞xd	–1⅛	40⅞	33⅛	48,795	2.6
Ameritech		49	—	62¾	46	21,454	5.2
BankAmerica		29⅞xd	–1⅝	33⅛	28⅞	10,305	3.3
Bankers NY		44⅛xd	–1⅛	51⅛	42⅝	3,538	4.9
Bell Atlantic		33½	—	39⅛	32¼	14,602	5.5
BellSouth		34⅛	—	39⅝	33½	16,919	0.6
Bethlehem Steel	♥	12xd	–⅛	13¾	10	1,098	–
Bowater		1439pxd	—	1882p	1335p	821.4	1.8
CPC		26xd	–⅛	34⅝	26	3,938	3.4
Cadiz Land Inc	♥	61p	—	115p	53p	–	–
California Engy		1342p	–51	1478p	1085p	244.3	–
Chase Manhattan		20xd	–⅛	24½	17⅞	3,121	4.2
Chrysler		24⅞xd	–⅛	28⅞	21⅛	7,284	1.7
Citicorp		17⅛xd	–⅛	20⅛	13⅛	6,351	–
Colgate-Palm		37⅞xd	–1⅛	45⅝	35¼	6,957	2.3
Cont'l Bank		1550p	—	1677p	1278p	1,586	2.7
Dana		30⅛xd	–⅛	34⅛	29⅛	1,414	3.6
Data General		580p	—	951p	593p	180.6	–
Decora Inds	♥	125p	—	148p	109p	–	–
Dun & Brad		37¾	—	42⅛	37¼	6,728	4.3
Eaton		55⅝	—	59⅝	50⅝	1,963	2.7
Echlin		18⅛xd	–⅛	16⅞	15⅛	888.4	3.1
FPL		23⅞xd	–⅛	27⅞	23⅛	4,236	7.3
Ford Motor		33⅛	–⅛	38⅛	28⅛	18,169	2.1
Gen Elect		58⅞xd	–⅛	62⅛	57⅛	49,854	3.8
General Host	♥	577p	—	722p	573p	–	4.3
[illegible]							

CANADIANS

	Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
[illegible]							

BANKS

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BREWERS & DISTILLERS

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BUILDING MATERIALS

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BUILDING MATERIALS - Cont.

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
Tilon								
Travis Perkins								
Tudor								
Unigroup								
Waterhouse								
Wickes								
Wolseley								

BUSINESS SERVICES

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

CHEMICALS

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

CONGLOMERATES

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

CONTRACTING & CONSTRUCTION

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ELECTRICALS

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ELECTRICITY

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ELECTRONICS

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ENGINEERING-AEROSPACE

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ENGINEERING-GENERAL

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ENGINEERING-GENERAL - Cont.

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

FOOD MANUFACTURING

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

FOOD RETAILING

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

HEALTH & HOUSEHOLD

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

HOTELS & LEISURE

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

HOTELS & LEISURE - Cont.

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

INSURANCE BROKERS

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

INSURANCE COMPOSITE

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

INSURANCE LIFE

	Notes	Price	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

INVESTMENT TRUSTS

	Notes	Price	+ or –	1993 high	1993 low	Yld Gr's	NAV	Dis or Pm(-)
Authorised by the Inland Revenue								
[illegible]								

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or –	1993 high	1993 low	Yld Gr's	NAV	Dis or Pm(-)
[illegible]								

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Jupiter Tyndall surges to £5.7m

FINANCIAL TIMES TUESDAY APRIL 27 1993

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

TELEPHONE NETWORKS

MINES - Cont.

METALS & METAL FORMING

TEXTILES

PROPERTY

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MISCELLANEOUS

INVESTMENT COMPANIES

OTHER FINANCIAL

TRANSPORT

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

WATER

OTHER INDUSTRIALS

SOUTH AFRICANS

STORES

MOTORS

PLANTATIONS

MINES

PACKAGING, PAPER & PRINTING

OIL & GAS

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Top Stock."
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Φ Figures or report awaited
- ♥ Not officially UK listed, dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
B Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
Q Forecast annualised yield, p/e based on prospectus or other official estimates
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend, xc ex scrip issue, xr ex rights; xa ex all; xt ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7161 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT1557. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

FT Cityline

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Annual subscription £250.00 stg.
Call +44 71-925 2128 for more details.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

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Jupiter Tyndall surges to £5.7m

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Sovereign Unit Tst Mngrs Ltd (1000)F

12 Christchurch Rd, Bournemouth 0202 298422

Standard Life Tst Mngmt Ltd (0730)H

5 George St, Edinburgh EH2 2XZ 0800 393777

Foreign & Colonial Unit Management Ltd

Funds In Court*

* Restricted to modest estate Court control

Gowett (John) Unit Mngmt Ltd

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Allied Dunbar Ctr, Swindon SN1 1EL

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Providence Capital Life Assc. Co Ltd - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Alpha Pension Funds				
UK Alpha		228.7	-2.7	-
US Alpha		111.4	-3.1	-
Gilt Alpha		85.00		-
Gold Alpha		78.00	+2.7	-
Japan Alpha		40.7	-1.8	-
US Dollar Alpha		71.0	-1.6	-
Yen Alpha		75.4	-1.4	-
DM Alpha		87.2	-0.5	-
European Alpha		82.8	-1.3	-

Provident Life Assoc Ltd

Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Range (Pensions)				
Discretionary Fund		125.8	-1.1	-

Provident Mutual Life Assc. Assn.

6 Hills Way Stevenage Herts SG1 2ST 0438 732000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	408.7	428.1	-2.3	-
Managed Init	290.0	304.2	-1.7	-
Equity Ord	614.4	646.7	-3.8	-
Equity Init	438.8	458.6	-2.0	-
Index Linked Gilt Ord	182.9	203.1	+0.4	-
Index Linked Gilt Init	143.1	150.6	+0.1	-
Overseas Equity Ord	315.4	332.0	-4.3	-
Overseas Equity Init	224.1	235.9	-3.2	-
Property Ord	223.7	235.5	+0.1	-
Property Init	178.9	187.3		-
Fixed Interest Ord	257.4	270.9	-0.4	-
Fixed Interest Init	182.9	192.5	-0.2	-
Deposit Ord	195.8	206.9	-	-
Deposit Init	138.0	146.3	-	-
Pension Funds				
Managed Ord	535.0	563.2	-3.6	-
Managed Init	380.2	400.2	-2.6	-
Equity Ord	835.6	879.6	-4.5	-
Equity Init	593.8	625.2	-3.3	-
Pen Ind Lkd Gilt Ord	219.3	230.8	+0.3	-
Pen Ind Lkd Gilt Init	162.8	171.4	+0.3	-
Overseas Equity Ord	364.8	383.8	-5.3	-
Overseas Equity Init	259.1	272.7	-4	-
Property Ord	285.0	300.0	+0.2	-
Property Init	202.5	213.2	+0.1	-
Fixed Interest Ord	333.7	351.3	-0.8	-
Fixed Interest Init	237.1	249.6	-0.5	-
Deposit Ord	285.7	300.7	+0.1	-
Deposit Init	203.0	213.7	-	-

Prudential Assurance Co

[illegible]

Scottish Amicable

150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (First Series)				
Managed	392.0	412.7	+0.20	-
Equity	495.2	521.3	+0.90	-
Property	239.4	252.0	-	-
International	374.2	393.9	-1.00	-
Japanese	104.3	109.8	-0.80	-
Asia Pacific	129.5	136.8	+0.30	-
European	106.8	112.8	+0.90	-
American	132.6	139.6	-1.30	-
Fixed Interest	330.5	348.3	-1.30	-
Index-Linked Gilt	181.3	190.0	-0.20	-
Cash	218.9	230.5	-	-
Life Funds (Second Series)				
Managed	109.0	114.8	-	-
Equity	106.4	112.0	+0.20	-
Property	100.6	105.9	-	-
International	115.6	121.7	-0.30	-
Japanese	104.8	110.0	-0.80	-
Asia Pacific	127.3	134.1	+0.30	-
European	105.8	111.4	+0.50	-
American	129.3	136.2	-1.30	-
Fixed Interest	124.3	130.8	-0.50	-
Index-Linked Gilt	117.1	123.3	-0.20	-
Cash	108.5	114.3	-	-
Pension Funds				
Building Society	172.5	181.6	-	-
Managed (Init)	325.0	342.1	+0.20	-
Managed (Acc)	448.0	471.8	+0.40	-
Equity (Init)	258.4	272.0	+0.70	-
Equity (Acc)	507.6	534.3	+1.50	-
Property (Init)	181.7	191.3	-0.10	-
Property (Acc)	282.4	297.3	-	-
International (Init)	222.3	234.1	-0.40	-
International (Acc)	436.5	459.5	-0.78	-
Fixed Interest (Init)	220.6	232.3	-0.30	-
Fixed Interest (Acc)	433.8	456.5	-1.80	-
Cash (Init)	154.2	162.4	-0.10	-
Cash (Acc)	303.2	319.2	-	-
Others				
Capital Guarantee Bond	98.2	103.4	-0.40	-

Scottish Equitable Life Assce. Soc.

28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	217.2	228.7	-1.2	-
UK Equity	213.4	224.8	+0.0	-
International	215.3	226.7	-1.4	-
American	220.6	232.2	-3.6	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Scottish Life Investments

[illegible]

Scottish Mutual Assurance plc

[illegible]

Scottish Provident Institution

[illegible]

Scottish Widows' Group

[illegible]

Skandia Life Assurance Co Ltd

[illegible]

Sun Alliance Group

[illegible]

Sun Alliance Group - Contd.

[illegible]

Sun Life Unit Assurance Ltd

[illegible]

Swiss Life (UK) PLC

[illegible]

TSB Life Ltd

[illegible]

Target Life Assurance Co Ltd

[illegible]

Teachers' Assurance Company Ltd

[illegible]

Templeton Life Assurance Limited

[illegible]

Tunbridge Wells Equitable

[illegible]

Standard Life Assurance Company

[illegible]

Wesleyan Assurance Society

[illegible]

Windsor Life Assur Co Ltd

[illegible]

Zurich Life Assurance Co Ltd

[illegible]

Prudential Corporate Pension Funds

[illegible]

Prudential Individual Life Funds

[illegible]

Prudential Individual Pension Funds

[illegible]

Reliance Mutual

[illegible]

J Rothschild Assurance PLC

[illegible]

Royal Heritage Life Assurance Ltd

[illegible]

Royal Life Insurance Ltd

[illegible]

Royal Liver Assurance

[illegible]

Save & Prosper Group

[illegible]

(Weekly dealings) *Fortnightly dealings

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

[illegible]

Albany International Assurance Ltd

[illegible]

CMI Insurance Co Ltd

[illegible]

Century Life International Ltd

[illegible]

Eagle Star Intl Life

[illegible]

Equitable Life (International)

[illegible]

Eurolife Assurance Group

[illegible]

Finsbury Life Assurance Ltd

[illegible]

Hansard International Ltd

[illegible]

Isle of Man Assurance Ltd

[illegible]

Lisbrow International Group

[illegible]

PanEuroLife

[illegible]

Prolific International Life Assurance

[illegible]

Providence Capital International Ltd

[illegible]

Royal Life Intl. Ltd

[illegible]

Royal Skandia Life Assurance Ltd

[illegible]

Royal Skandia Life Assurance Ltd - Contd.

[illegible]

Sun Alliance International Life

[illegible]

Target International Group

[illegible]

MANAGEMENT SERVICES

Capital Trust Financial Management

[illegible]

Chase de Vere PLC

[illegible]

EBS Investments PLC

[illegible]

Fairmount Financial Services Ltd

[illegible]

Foster & Braithwaite Ltd

[illegible]

HSBC Capital Management PLC

[illegible]

Independent Financial Group PLC

[illegible]

Jackson Fry Asset Managers Ltd

[illegible]

Knight Williams & Company Ltd

[illegible]

Macartney & Dowie Invest Mgmt Plc

[illegible]

Northam Bligh & Partners

[illegible]

Pendleton Way Financial Services Ltd

[illegible]

Roxborough Financial Management Ltd

[illegible]

Charles Stanley & Co Ltd

[illegible]

United Financial Corporation Ltd

[illegible]

J. O. Ward Financial Services Ltd

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

[illegible]

Lloyd George Management

[illegible]

Orbit Fund Limited

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

Adams & Neville Fd Mngt (Guernsey) Ltd

[illegible]

Barings International Fund Mgrs (Guernsey) Ltd

[illegible]

Equitable International Fund Managers Ltd

[illegible]

Guinness Flight Fd Mngrs (Guernsey) Ltd

[illegible]

Henderson Admin. (Guernsey)

[illegible]

Lazard Fund Managers (CI) Ltd

[illegible]

Lloyds Intl Money Market Fund Ltd

[illegible]

M & G (Guernsey) Ltd

[illegible]

Prudential Fund Managers (Guernsey) Ltd

[illegible]

Rothschild Asset Management (CI) Ltd

[illegible]

Schroder Investment Mngmt (Guernsey) Ltd

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

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هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

TSB Trust Funds - Contd.

TSB Gilt Fund Ltd

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Quarterly Share	3	105.22	105.22	108.85	-0.13	7.73
Monthly Share	3	104.54	104.54	107.85	-0.13	7.78

JERSEY (REGULATED)(**)

Barclays Intl Funds

Asian Selection Funds

	Bid Price	Offer Price	+ or -	Yield Gross
China	$9.625	10.132	-0.184	0.0
Hong Kong	$28.646	30.051	+0.610	0.4
Indonesia	$9.214	9.675	-0.177	0.0
Korea	$11.361	11.959	-0.021	0.0
Malaysia	$17.399	18.375	+0.238	0.0
Philippines	$17.738	18.680	+0.041	0.0
Singapore	$11.882	12.813	+0.261	0.0
Thailand	$20.592	21.834	-0.418	0.0
South East Asia	$24.493	25.782	+0.120	0.0
US Dollar Liquidity	$9.551	10.030	—	0.0

Cater Allen Investment Management (CI)

	Bid Price	Offer Price	+ or -	Yield Gross
CA Dhl Income	£6.12	6.40	—	15.83
CA Equity Gwth	£4.40	4.01	—	2.29

Citibank (CI) Ltd "Citifunds"

Short term Investment Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Irish £ Apr 22	133.4414		—	-
Equity Funds				
Japan Equity Apr 22	$9.5486		—	-
US Em Wth Apr 20	$19.2412		—	-
US Em Tech Apr 20	$22.5045		—	-
Chicore Apr 20	$29.5450		—	-
Bond Funds				
HYB (A) Apr 28	$83655.432		—	-
Special Assets (B) Apr 1	FFr11275.473		—	-

Citibank N.A.

	Bid Price	Offer Price	+ or -	Yield Gross
Libra 2000 Feb 28	$99.62		—	-
Libra 2000 Intl Feb 28	$98.82		—	-

Coutts & Co (Jersey) Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling Income(x)	53.7	56.0	—	7.88
UK Equity Fd (x)	229.3	244.0	—	2.62
*Intl Bond Fd	101.8	105.0	—	8.90
*Sterling Mngd Asset Fd	584.8	595.0	—	4.48

*Sub. daily every Thurs.

Coutts Money Market Fund Ltd

[illegible]

Barclays Inv Funds (Luxembourg)

41 Avenue de la Gare L-1611 010 352 404344

Equity Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Equity $	5¼	£	0.898	0.943	(z)	0.3
Intl Equity $	5¼	£	1.364	1.451	(z)	0.5
North Am Eqty $	5¼	$	32.69	34.78	(z)	0.9
Pacific Eq $	4¾	£	0.893	0.953	(z)	0.5
UK Equity $	5¼	£	1.087	1.161	(z)	2.8
Bond Prices						
International Bond $	3½	$	98.58	103.09	(z)	5.2

CMI Asset Management (Luxembourg) SA

203 route d'Arlon, L-1150 Lux 010 352 458026

CMI Managed Portfolio Investment Company (u)

		Bid Price	Offer Price	+ or -	Yield Gr's
Safeguard Portfolio F.	£	1.211	1.280	-0.008	-
Growth Portfolio F.	£	1.064	1.133	-0.018	-
Enterprise Portfolio F.	£	1.016	1.081	-0.009	-

CMI Global Network Fund (u)

		Price	+ or -	Yield Gr's
Australasian Equity	A$	13.119	-0.015	-
Benelux Equity	DM	21.474	-0.51	-
Canadian Equity	C$	0.898	-0.018	-
SE Asia Equity	$	13.147	-0.103	0.86
French Equity	FFr	80.413	-0.815	0.94
German Equity	DM	16.131	-0.130	-
Iberian Equity	Pta	727	+8	0.01
Irish Equity	I£	4.400	-0.015	-
Italian Equity	L	7748	+105	-
Japanese Equity	Y	1324	+13	-
Nordic Equity	SKr	43.223	-0.210	-
Swiss Equity	SFr	10.589	-0.208	-
UK Equity	£	8.531	+0.032	1.11
US Equity	$	13.577	+0.061	0.95
Japan Index Tracking	Y	883	-4	-
UK Eqty Index Tracking	£	6.160	+0.039	2.23
US Eqty Index Tracking	$	12.205	-0.074	1.16
German Bond	DM	23.272	-0.023	0.16
Japanese Bond	Y	1083	+17	4.14
Swiss Bond	SFr	22.327	-0.047	4.38
UK Bond	£	8.355	-0.004	8.01
US Bond	$	11.948	-0.130	8.21
Stlg Currency Reserve	£	7.030	-0.008	7.11
US Dlr Currency Reserve	$	10.02718	+0.016	2.04

Commercial Union Luxembourg SA (u)

41 Ave de la Gare L-1611 010 352 402820261

Commercial Union Privilege Portfolio

Equity Funds

		Bid Price	Offer Price	+ or -	Yield Gr's
Monthly Income	£	1.0829	1.1520	—	5.5
Private Client Man	£	1.1473	1.2205	-0.02	-
Far Eastern Gwth	$	1.9962	2.1200	-0.008	-
American Gwth	$	2.2817	2.4273	-0.005	-
European Gwth	Ecu	1.8315	1.9482	-0.003	-

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Focus is back on the dollar

THE DOLLAR weakened below the DM1.5700 level against the D-Mark in Europe yesterday as dealers again turned their attention towards the sluggish growth in the US economy, *writes James Blitz.*

For most of the last few trading days, the market's attention has been fixed on the Spanish peseta which fell through its central rate against the D-Mark on Friday.

However, pressure on the Spanish currency towards the end of last week had been based on speculation that there could be a devaluation of the currency at the weekend and the pressures eased yesterday.

According to Mr Jeremy Hawkins of Bank of America in London, this allowed dealers to catch up with both the political and economic uncertainties that have been seen in the US in recent weeks.

President Bill Clinton's inability to get his fiscal stimulus package ratified by the US senate has led to speculation in the markets that his presidency is in some disarray in its first few months in office.

The economic indicators for March, which have been affected by bad weather, have also shown a more downbeat performance than had been anticipated. Yesterday's 2.9 per cent fall in US home sales in March confirmed recent indications that US GDP in the first quarter of this year was significantly below the levels reached in the fourth quarter of last year.

According to Mr Mike Gallagher of IDEA, the market information group, dealers must wait until the April non-farm payroll figure at the end of next week before the dollar can expect to receive any stimulus.

The US currency yesterday bottomed at DM1.5645. It later closed in London at DM1.5675 from a previous DM1.5840.

In Europe, attention was focused on the Italian lira which had a stunning rally on expectations that Mr Carlo Azeglio Ciampi, the Governor of the Bank of Italy, would be chosen as the next prime minister of Italy.

Mr Ciampi's nomination was received very favourably by both the currency and bond markets, with the Italian government bonds rising ½ a point at one stage. The lira closed at L931.0 from a previous L941.1.

Sterling broke through the DM2.50 level against the D-Mark for the first time in three months following a raft of positive economic indicators in the UK.

Yesterday's figure for GDP in the first quarter, showing a 0.2 per cent rise on the previous three months came as a slight disappointment to the market. The pound later closed a net ¼ pfennig down on the day at DM2.4925.

The peseta performed slightly more strongly against the D-Mark yesterday as the Bank of Spain's 100 basis point rise in its daily intervention rate, announced on Friday, came into effect. After bottoming out at Pta74.05 to the D-Mark on Friday, the peseta yesterday closed in London at Pta73.88.

£ IN NEW YORK

Apr 26	Latest	Previous Close
£ Spot	1.5885 - 1.5895	1.5830 - 1.5840
1 month	0.39 - 0.38pm	0.36 - 0.35pm
3 months	1.16 - 1.14pm	1.13 - 1.11pm
12 months	4.37 - 4.29pm	4.26 - 4.20pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 26	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Irish Punt	0.809996	0.800711	-1.15	2.70	59
Dutch Guilder	2.20045	2.19572	-0.21	1.74	18
Belgian Franc	40.2802	40.2123	-0.17	1.69	18
D-Mark	1.95294	1.95431	0.07	1.45	6
Portuguese Escudo	180.624	181.643	0.56	0.95	-9
French Franc	6.54988	6.59773	0.73	[illegible]	[illegible]
Danish Krone	7.44934	7.51733	0.01	[illegible]	[illegible]
Spanish Peseta	142.150	144.371	1.52	[illegible]	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

STERLING INDEX

CURRENCY RATES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.23

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 4-3¾ per cent; three years 4⅝-4½ per cent; ... 5¾-5½ per cent nominal. Short term rates are call for US Dollar and Japanese Yen ...

OTHER CURRENCIES

Apr 26	£	$
Argentina	1.5895 - 1.5910	0.9980 - 0.9990
Australia	2.2170 - 2.2190	1.3910 - 1.3920
Brazil	48778.0 - 48783.0	30630.0 - 30633.0
Finland	8.5340 - 8.5630	5.3510 - 5.3710
Greece	335.650 - 343.360	211.950 - 216.300
Hong Kong	12.3050 - 12.3175	7.7245 - 7.7255
Iran	2597.00 - 2601.00	1642.00 - 1644.00
Korea(Sth)	1246.80 - 1268.90	792.90 - 799.10
Kuwait	0.47830 - 0.47930	0.30000 - 0.30050
Luxembourg	51.25 - 51.35	32.20 - 32.30
Malaysia	4.0880 - 4.0985	2.5685 - 2.5695
Mexico	4.8285 - 4.8315	3.0830 - 3.0840
N.Zealand	2.9130 - 2.0170	1.8275 - 1.8300
Saudi Ar	5.9670 - 5.9790	3.7495 - 3.7505
Singapore	2.5695 - 2.5755	1.6150 - 1.6180
S.Af (Cm)	5.0085 - 5.0195	3.1400 - 3.1430
S.Af (Fn)	7.2965 - 7.3125	4.5775 - 4.5875
Taiwan	41.30 - 41.45	25.90 - 26.00
U.A.E.	5.8430 - 5.8560	3.6715 - 3.6735

EXCHANGE CROSS RATES

Apr 26	£	$	DM	Yen	F Fr.	S Fr.	N Fl.
£	1	1.590	2.492	175.5	8.427	2.255	2.800
$	0.629	1	1.567	110.4	5.300	1.410	1.761
DM	0.401	0.638	1	70.43	3.382	0.905	1.124
YEN	5.698	9.060	14.20	1000.	48.02	12.85	15.95
F Fr.	1.167	1.887	2.957	208.3	10.	2.676	3.323
S Fr.	0.443	0.705	1.105	77.83	3.737	1	1.242
N Fl.	0.357	0.568	0.830	62.68	3.010	0.805	1
Lira	0.431	0.685	1.074	75.65	3.632	0.972	1.207
C $	0.500	0.795	1.246	87.75	4.214	1.128	1.400
B Fr.	1.949	3.099	4.858	342.1	16.43	4.396	5.458
Pta	0.543	0.864	1.354	95.33	4.577	1.225	1.521
Ecu	0.784	1.246	1.953	137.5	6.604	1.767	2.194

Yen per 1,000; French Fr. per 10; Lira per 1,000; Belgian Fr. per 100; Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

MONEY MARKETS

German futures fall

FUTURES dealers continued to be rather pessimistic about the outlook for German rate cuts yesterday, despite last week's unexpected easing in the Bundesbank's discount rate, *writes James Blitz.*

Dealers in German interest rate markets are currently moved by conflicting waves and eddies. On the one hand, good regional figures for consumer price inflation yesterday indicated that German inflation will be a touch lower this month after March's year-on-year figure of 4.2 per cent.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

However, a good inflation figure appeared to have been priced into the market at the start of yesterday's trading, and the impact of the news was limited.

Dealers also said there were reasons for pessimism as trade union leaders across Germany called for steel and engineering workers to vote for all-out strike action in demand for higher wages.

Both the threat of strike action and fears over Germany's budget deficit raised concerns that the Bundesbank might be forced to slow the pace at which it is cutting rates.

The June Euromark contract fell back 5 basis points yesterday to close at 92.62, one of the lowest levels at which it has been actively traded this year.

Although the Bundesbank has taken 100 basis points off 3-month money this year, the June contract has not kept pace with the cuts and has come down only 40 basis points since the beginning of January.

In the German cash market, call money fell to about 7.60 per cent because of the high level of liquidity. A cut in the Bundesbank's repo rate, currently at around 8.11 per cent, appears certain this week to match the decline in short-term rates.

In the sterling cash market, there was a rise in deposit rates after the Bank of England announced a large shortage of £1.55bn which proved difficult to remove.

The overnight rate rose as high as 7.5 per cent before late assistance of £430m was provided. Three month money was as high as 6$\frac{1}{16}$ per cent before closing at 6$\frac{1}{16}$ per cent.

Another factor tightening rates was a rise in the cost of temporary liquidity facilities provided by the Bank of England on a weekly basis. The mid-market rate for these facilities was put at 6¼ per cent for 8 days from a previous 5$\frac{31}{32}$ per cent.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

BASE LENDING RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.8,136 Set by GRIFFIN

ACROSS

1 Turner is following a fellow fool (8)
4 Waylay a doctor taking us to hospital (6)
8 Will students dropped during stunt flying unwind? (7)
9 Very prim pair acceptable to attractive person (7)
11 Remark upon wary head waiter leaving explanatory notes (10)
12 Are about to start making lots of sheets (4)
13 Being backward Ian lives here (5)
14 See 16
16, 14 Opening doors in cab I steal something athletes use illegally (8,8)
18 Account is incredible to youth leader (5)
20 Medicine made hard to take?
21 In a rush I ordered assistant to be unprofessional (10)
23 How poets write upside-down?
24 Encourage one to ring for toast (7)
25 Figure the Spanish balanced to (6)
26 Volunteers to take round suet pudding – for a figure! (6)

DOWN

1 Dog has turn after loud noise (5)
2 Journalist raised writing in novel article (7)
3 I sent Les a new key (9)
5 Wed contrary girl around end of October (5)
6 Leave after less than required amount of experience (7)
7 Man railway with thrift (9)
10 Waits around at firm in garment (9)
13 Condemn first person in for feeling (9)
15 Leap around centre tile (9)
17 Trust evil bee to fly round (7)
19 Reg turns in after the others, being biggest (7)
21 "Walk between the seats" I'll say (5)
22 Contemptible person starts selling liquor (5)

Solution to Puzzle No.8,135

S	L	I	G	H	T	L	Y		B	R	E	A	D	

WORLD STOCK MARKETS

CANADA

INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

TOKYO - Most Active Stocks

Monday April 26 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sumitomo Mt Mn ..	19.2m	990	+63	Toshiba Corp	2.8m	700	+15
Japan Syn Rbbr	4.0m	589	-1	NEC Corp	2.6m	931	+10
Showa Denko	3.4m	377	+18	Nippon Steel	2.5m	380	+5
Mitsubishi Hvy	3.2m	854	+9	Hitachi	2.5m	839	+24
Denki Kagyo	3.1m	1,050	+20	Nippon Comsys ...	2.4m	1,200	-50

4 pm close April 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
13¼	11½	AAR Corp	0.48	3.7	23	158	12⅞	12¾	12⅞	+⅛
27¼	20	A L Labs A	0.16	0.9	33	50	21¼	20¾	20¾	-½
61⅞	54⅝	AMP Inc	1.60	2.7	21	1091	60¼	59⅞	60	-⅛
71⅝	65½	AMR			10	5970	69¼	66¾	67	-2⅝
2	1⅞	ARX			11	17	2	1⅞	1⅞	
43⅛	29⅞	ASA	2.00	4.6	28	2148	u44⅞	43⅜	43½	+⅜
30⅜	22⅝	Abbott Lab	0.68	2.6	17	7039	26⅝	25⅞	26⅝	+⅞
12⅝	10¼	AbingtSvl Pr	0.50	4.1	4	z100	12⅛	12⅛	12⅛	
11½	10¾	ACM Gvt In	0.96	8.3		1208	d11⅝	11⅜	11½	+⅛
9¾	9⅛	ACM GvOpp	0.78	8.2		131	9⅝	9½	9⅝	+⅛
9⅛	8¾	ACM Gvt Sp x	0.79	8.3		71	9½	9⅜	9½	+1/32
11⅜	10½	ACM Gvt Se x	0.80	8.5		1178	11¼	11⅛	11¼	
10⅞	9⅝	ACM Man	1.08	10.0		222	10¾	10⅝	10¾	-⅛
9⅜	8⅝	ACM Managd	0.72	8.0		174	9⅛	9	9	
9⅛	7¾	Acme Cleve	0.40	4.4	13	69	u9¼	9	9⅛	+⅛
9¼	6½	Acme Elect			800	91	8¼	7⅝	8	
16	12⅛	Acuson			12	249	14	13¾	13¾	-⅛
22¼	19⅝	Adams Expr	0.48	2.4	1	172	21⅛	20⅞	20⅞	-⅝
66	45½	Ad Micro	3.00	5.0		483	61¾	58	59½	-2½
32¾	17⅝	Ad Micro P	3.00	10.9	12	12238	30½	29	29¼	-1¼
7⅜	5½	Advest Grp	0.16	2.5	13	42	6⅝	6½	6½	-⅛
48⅜	41⅛	Aegon ADR	1.35	2.8	8	17	46¾	46⅝	46¾	-⅜
53¾	43⅜	Aetna Lf x	2.76	5.5	102	3941	51½	50	50½	+⅞
14½	11½	AGI A	0.26	2.1	26	926	12⅝	12⅛	12⅛	-¼
39¾	33	Aflac	0.44	1.2	16	700	38½	37	37⅛	-1
22⅛	17¼	Ahmanson	0.88	5.1	14	5245	18	d17⅜	17⅜	-½

Continued on next page

4 pm close April 26

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22	16	S Anita Rt	1.36	0.1	25	174	17¾	18¾	18⅞	-⅛
28⅛	17	SCOR US Cp	0.32	1.7	48	11	19¾	19⅜	19⅜	+⅛
26¾	20	SPS Techno	1.28	4.9	18	127	26⅛	25¾	25⅞	
14½	12⅞	Sabine Rt	2.09	14.7	10	31	14⅛	14¼	14¼	
13⅜	0⅞	Safecard	0.10	0.0	18	14	12½	12¼	12⅜	-⅛
23½	17	Safeg'd Sc			0	10	10½	17¾	17¾	-1
24¾	16¾	SafetyKln	0.36	2.0	24	7607	17⅝	17⅜	17⅝	+⅜
14½	10⅞	Safeway			16	3600	14⅛	13¾	13⅞	-¼
3	2	SafewayW96				55	2⅞	2¾	2⅞	
44¾	31½	StJoePaper	0.20	0.5	76	118	39⅛	38¾	30	+¼
37⅝	31	StJoeL&P	1.76	4.7	16	7	37⅞	37⅛	37¾	
83¾	75	St Paul's	2.80	3.6	20	780	80⅛	78½	78⅝	-1
9⅝	8¼	Salant Crp			4	12	8½	8⅜	8½	
75¼	42½	Sallie Mae	1.20	2.7	10	7517	45⅜	44¾	44⅞	-⅝
13⅞	13	Salomon Br	0.61	4.6		703	13½	13¼	13⅜	-⅛
41⅞	35¾	SalomonInc	0.64	1.5	6	2858	36½	35	35¼	-⅝
26⅞	23¾	SanDgo G&E	1.48	5.7	14	1320	26¼	25⅝	26⅛	
4⅜	3½	SantaFeEDu	0.40	10.3	43	18	3⅞	3¾	3⅞	-⅛
11⅞	9⅛	SantaFeESts	0.16	1.5	131	1385	11¾	10⅝	10⅝	-⅛
40¾	35¾	SantaFePac	2.80	7.4	13	41	38½	37½	37⅝	-1⅜
18⅛	12¾	SantaFeSth	0.10	0.7	17	16376	u16⅜	15⅜	15⅝	-⅝
31¾	23⅞	Sara Lee	0.58	2.4	16	5855	24¾	23⅞	24½	+½
48½	40⅛	Scana Corp	2.74	6.0	18	219	45¾	45½	45¾	
49⅝	43	Scecorp	2.80	5.9	14	1961	48⅛	47¾	47¾	-⅜
38⅞	23⅞	SchererRP			35	383	29¾	26	28⅛	-⅞
65½	51¾	SchergPl	1.56	2.4	16	6035	u65¾	64¼	65⅝	+1⅛
68	55⅞	Schl'berger	1.20	1.9	23	3374	63½	62¾	63⅛	-⅛
33	24⅞	Schwab(C)	0.30	1.0	14	1936	32⅞	31½	31½	-1¼
[illegible]										

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

AMEX COMPOSITE PRICES

4 pm close April 26

[illegible]

NASDAQ NATIONAL MARKET

4 pm close April 26

[illegible]

FINANCIAL TIMES Tuesday April 27 1993

AMERICA

US markets struggle to reclaim lost ground

Wall Street

US STOCK markets struggled to make up some of last week's lost ground yesterday after a series of computerised buy and sell programs left prices little changed or lower at the half-way stage, *writes Patrick Harverson in New York.*

At 1 pm the Dow Jones Industrial Average was unchanged at 3,413.77. The more broadly based Standard & Poor's 500 was down 0.96 at 436.07, while the Amex composite was up 0.53 at 419.26, and the Nasdaq composite down 4.50 at 653.91. Trading volume on the NYSE was 156m shares by 1 pm.

Weakness in overseas stock markets, and early declines in US bond prices (which pushed the yield on the benchmark 30-year government bond back up through 6.8 per cent) set the tone for a downbeat opening to trading. Sentiment was already depressed by the previous week's losses, which have raised the spectre of e possible substantial correction in share prices.

The day's economic news was also on the gloomy side, with the National Association of Realtors reporting that existing home sales fell 2.9 per cent last month. Although the data were undoubtedly affected by the severe winter storms during March, the recent string of weaker economic figures has begun to disturb investors.

Yet in spite of the unpromising background, prices actually opened higher yesterday, with the Dow posting double-digit gains in the first hour of trading. The markets, however, were unable to hold on to those gains and by early afternoon prices were little changed from Friday's close.

Bank stocks took a beating as more investors decided to switch out of the sector, which has had an extremely good run this year. Some analysts have warned recently that bank stocks may have reached their near-term highs.

Among the biggest losers were Citicorp, down $1⅛ at $26¼. Chemical, down $1 at $36⅞, BankAmerica, $1⅞ lower at $45¼, Banc One, down $1¼ at $53½ and Chase Manhattan, $1⅛ weaker at $30⅞.

Some of the money coming out of banks seemed to be going into large technology stocks which have fared poorly recently. IBM rose $1⅞ to $49⅞, Compaq added $½ at $49⅞, Unisys firmed $⅜ to $11⅞ and Digital Equipment edged $⅛ higher to $42⅞.

Norsk Hydro was one of the market's busiest stocks, rising $1⅞ to $25⅞ in volume of 12m shares after the company announced a 133 per cent jump in first quarter net profits.

On the Nasdaq market, US Healthcare climbed $2⅞ to $43⅞ in volume of 2m shares after the company reported first quarter profits of 58 cents a share, up from 42 cents a share a year ago.

BRAZIL saw active trading at midsession as investors responded to the government's economic programme revealed on Saturday. The Bovespa index was up 1,349.43, or 5.8 per cent, at 24,688.16 by midday. One of the plan's aims is an acceleration of the privatisation timetable.

Canada

TORONTO held on to early gains at midday, underpinned by strength in gold shares which tracked a rise in bullion futures prices. Overall volumes were still largely confined to junior and small capitalisation shares. The TSE-300 index rose 6.25 to 3,691.67 in turnover of C$244m. Advances led declines by 303 to 241 with 222 issues unchanged.

EUROPE

Choice of new premier pleases Milan

CONTINENTAL bourses were mixed yesterday, *writes Our Markets Staff.*

MILAN found the prospect of having an economist, rather than a politician, as the next prime minister to its liking and shares rose in heavy trading. The Comit index added 9.63 or 1.8 per cent to 541.26.

Two names were at the forefront of speculation throughout much of the day, Mr Romano Prodi, the former chairman of IRI, the main state holding company, and Mr Carlo Ciampi, governor of the Bank of Italy.

In the event, it was Mr Ciampi who was summoned to see President Oscar Luigi Scalfaro late in the day.

"The eppointment of somebody who is not a politician will be good news for the market," said Mr Nicolo Braendli of Akros Sim in Milan. "It indicetes that the old political class has reached the end."

Domestic and foreign funds were active buyers, concentrating both on blue chips and second liners.

Privatisation stocks mostly posted strong gains, with Credito Italiano rising L78 or 2.6 per cent to L2,989 and Sme up L171 or 2.7 per cent to L6,417.

Fiat turned in another strong performance fixing L129 higher at L6,989 and breaking through the L7,000 level on the kerb to L7,070.

ZURICH was seen entering a spell of consolidation and the SMI index fell 23.7 or 1.1 per cent to 2,139.0. The mood was depressed by the weaker dollar and scant prospects for any further easing in interest rates in the short term.

UBS bearers, down SFr18 at SFr947, led the market lower. Bearers in CS Holding, which holds its annual news conference in London today, shed SFr60 to SFr2,380. Export shares were led lower by Roche certificates which fell SFr50 to SFr4,230.

FT-SE Actuaries Share Indices								
THE EUROPEAN SERIES								
April 26 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1153.76	1154.82	1155.16	1155.78	1155.89	1155.47	1154.12	1152.81
FT-SE Eurotrack 200	1219.12	1223.48	1220.38	1220.29	1221.21	1218.39	1219.36	1218.66
	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19			
FT-SE Eurotrack 100	1156.50	1164.35	1157.71	1158.12	1164.59			
FT-SE Eurotrack 200	1223.66	1234.50	1224.52	1220.73	1221.98			

Base value 1000 (26/10/90) High/day: 100 - 1155.89; 200 - 1224.39 Low/day: 100 - 1152.75 200 - 1217.92.

PARIS saw one of its weakest days this year in terms of market turnover, down to FFr1.7bn, as the CAC-40 index lost 4.96 to 1,911.62.

Among issues acting against the trend Peugeot built on Friday's gain with a further rise of FFr10 to FFr574 and Elf improved FFr2.90 to FFr359.90 with Petrofina confirming that the French group holds a stake of 4.98 per cent.

Schneider slipped FFr16 to FFr644 after reporting a slight increase in profits and forecasting difficult trading conditions in 1993. LVMH lost FFr5 to FFr3,641 as it announced plans for a 5-for-1 share split.

FRANKFURT edged down on futures-led technical trading, while exporters weakened on concerns of further falls in the dollar against the D-Mark. The DAX index fell 7.29 to 1,649.61 in turnover of DM6bn. Siemens fell DM1.4 to DM627 ahead of half year results.

BRUSSELS posted its seventh consecutive fall led by a decline in financial issues. The Bel-20 index fell 13.44, or 1.1 per cent to 1,210.50 in thin trading. Generale Banque fell BFr150 or 1.9 per cent to BFr7,780 on reports that a leading shareholder was releasing its stake below the market price.

OSLO was lifted by a largest-ever ship building order for Kvaerner's Finnish subsidiary and favourable corporate earnings news. The All share index gained 2.93 to 455.05 in turnover of NKr569.4m. Kvaerner's B shares rose NKr4 to NKr197. Norsk Hydro put on NKr3.50 to NKr168 on good first quarter results.

HELSINKI continued higher on satisfaction with the outcome of the Russian referendum. The HEX index rose 33.5 or 3 per cent to 1,152.1.

Turnover in shares and bonds so far this year also surpassed yesterday the entire FM25.81bn turnover for 1992, the bourse said. Trading volumes have shot up as prices soared since September 8 when the markka was floated.

Europe is unexcited by cut in German rates

By Michael Morgan

European equity markets moved in directions of their own making for much of last week, with the Bundesbank's unexpected cut in rates on Thursday failing to provide much of a lift. Overall, the FT-Actuaries World index reflected an easier trend.

Dublin exemplified the lower trend, finally giving ground after posting gains in each of the previous eight weeks. Mr Robbie Kelleher, head of research at Davy Stockbrokers in Dublin, notes that given the extent of the previous rise, straight forward profit-taking was a major factor.

However, in spite of the week's decline, the overall market index so far this year was still 25 per cent higher and prices were 40 per cent ebove the low reached last October.

Mr Kelleher adds that among specific factors dragging the market lower were AIB, which fell 3 per cent, and Bank of Ireland, 7 per cent off, mainly reflecting a perceived weakness in future contributions of US regional bank subsidiaries.

Fyffes gave up 11 per cent of the previous week's 30 per cent rise as it rejected a bid by Dole, the US fresh produce company, which said it had no plans to launch a hostile bid or to raise the value of its offer.

Smurfitt fell 10 per cent after an announcement of plans to close a Spanish associate because of price weakness in the European markets.

Looking ahead, Mr Kelleher believes valuations of shares that have found most foreign demand no longer look unduly cheap by international comparisons. "Given that these stocks dominate the market in terms of market capitalisation, we find it difficult to see how the market as a whole can push significantly ahead from these levels without inducing some overseas profit-taking."

France was also lower, in spite of a further easing by the Bank of France in the intervention rate to 8.5 per cent after the Bundesbank's rates reduction on Thursday.

Mr Michael Woodcock at Nikko Europe says US funds, which were buyers in January on the assumption that the franc would be forced out of the EMS, were taking profits. Some domestic investors were also sellers on the view that the next rate cut might be up to three months away. He also notes that some investors might he keeping money back for forthcoming privatisation issues.

In the opposite direction, Finland had a good week, on the back of lower interest rates and a positive view on the outlook for the weekend's Russian referendum. Mrs Mary Berg of James Capel in London notes that changes at the start of the year which removed limitations on foreign ownership of Finnish shares had prompted foreign funds to increase their holdings in a market widely perceived to have underperformed for the last four years.

Moreover, forestry companies with a high proportion of exports had benefited from the weakness of the local currency.

Mr Peter Tron of Unibank in London adds that the 35 per cent advance by the market since the start of the year and 117 per cent increase since last September, when the markka was floated on the foreign exchanges, were not the result of speculative pressure but reflected falling interest rates, a positive outlook for earnings, and the stable economy.

Malaysia continued to benefit from changes planned in the composition of the Morgan Stanley Capital International index from May 1, effectivly splitting its Malaysian and Singapore stock grouping. The move, which will give Malaysia a much larger weighting, is pulling in investment from funds which are obliged to invest in the area.

Last week's rally, which saw the composite index around its high for the year and posting advances on every trading day but one, confounded some analysts who had expected the market to consolidate after the strong performance of the previous week. Instead, prices took their cue to continue higher from heavy demand on Monday amid reports of a big programme buying operation.

Mr Michael Franklin of Kim Eng Securities in London notes that interest has shifted in recent weeks from third line stocks back to recent laggards among core stocks, and in particolar Tenago, the national electricity group, and Malaysian Telecom.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	+0.82	-1.90	-18.06	+1.22	-1.11	+2.88
Belgium	-2.43	-1.15	+5.28	+11.90	+8.71	+14.13
Denmark	-0.20	+8.31	-12.09	+12.17	+11.16	+15.67
Finland	+4.81	+11.71	+41.46	+35.62	+24.82	+29.87
France	-3.19	-4.52	-1.76	+5.85	+4.88	+9.10
Germany	-1.15	+0.37	-7.33	+8.02	+7.15	+11.47
Ireland	-5.11	+2.21	+8.78	+27.33	+16.30	+20.98
Italy	+3.37	+10.60	+12.51	+24.40	+18.22	+22.98
Netherlands	-1.31	+0.43	+6.58	+10.89	+8.92	+13.32
Norway	-0.22	-2.85	-4.68	+10.56	+9.78	+14.20
Spain	+2.74	+3.24	+0.39	+15.62	+9.20	+13.59
Sweden	+2.95	+3.30	+14.99	+7.96	+0.89	+4.95
Switzerland	-0.10	+0.16	+14.51	+5.14	+3.54	+7.71
UK	+0.86	-0.04	+9.82	+1.20	+1.20	+5.28
EUROPE	-0.06	+0.20	+4.87	+6.18	+4.69	+8.80
Australia	-0.60	+0.90	+2.84	+8.96	+8.47	+12.84
Hong Kong	+1.03	+6.32	+22.82	+21.81	+17.30	+22.02
Japan	-1.76	+6.88	+17.75	+16.71	+26.65	+31.74
Malaysia	+3.82	+11.10	+33.26	+17.02	+14.48	+19.10
New Zealand	+2.77	+2.62	+8.66	+7.04	+8.36	+12.73
Singapore	+0.56	+5.93	+13.45	+9.34	+6.57	+10.86
Canada	+1.13	+1.38	+3.36	+6.97	+3.68	+7.86
USA	-2.66	-2.44	+6.48	+0.16	-3.68	+0.16
Mexico	-1.10	+0.27	-5.61	-2.28	-5.26	-1.44
South Africa	+1.71	+2.07	+5.02	+13.13	+13.30	+17.86
WORLD INDEX	-1.52	+1.23	+9.01	+6.90	+6.96	+11.27

† Based on April 23rd 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited.

ASIA PACIFIC

Hong Kong at a record high as Nikkei weakens

Tokyo

LATE SELLING led by the futures market pushed the Nikkei average lower in light volume, but overall share prices ended mixed, *writes Wayne Aponte in Tokyo.*

The Nikkei closed 80.52 down at 19,623.63, after trading between an intraday low of 19,562.90 and a high of 19,845.60. The Topix index of all first section issues ended 3.08 up at 1,535.77, and in London the ISE/Nikkei 50 index firmed 1.53 to 1,214.27.

Volume was estimated at 300m shares, compared with Friday's 311m. Declines led advances by 565 to 457, with 157 issues unchanged.

Brokers said that pension and postal funds managed by the government provided support; but the early advance triggered by the flow of public funds lost momentum as late arbitrage-related sales entered the market.

An equity analyst at a UK brokerage said investors remain cautious about taking long positions due to worries about the direction of the yen against the dollar. Market participants are also hoping that the G7 members will soon take steps to stabilise the yen's appreciation. He added that trading volume is traditionally thin and the Nikkei average's range limited shortly before next week's Golden Week holiday.

Drug manufacturers moved higher on speculation that certain companies will benefit from a possible regrouping of the industry. Fujisawa Pharmaceutical climbed Y20 to Y1,030 and Nippon Chemiphar Y12 to Y684.

Investors bought non-ferrous metals issues following the recent rise in gold prices. Sumitomo Metal and Mining, the most active issue of the day, advanced Y63 to Y990, while Mitsui Mining and Smelting added Y14 at Y510.

Nippon Telegraph and Telephone, which formerly led the market, appreciated Y11,000 to Y923,000.

Consumer electronic issues advanced, TDK by Y80 to Y3,910, Pioneer Electronic Y50 to 2,420 and Sony Y30 to Y4,730.

In Osaka, the OSE average improved 21.46 to 21,429.49 in volume of 12.4m shares.

Roundup

THERE were some significant movers among the region's markets yesterday.

HONG KONG soared to an all-time high on hopes of an agreement over the colony's future, as China and Britain agreed to hold a second round of talks following the three-days of negotiations which concluded in Beijing on Saturday.

The Hang Seng index rose 94.81, or 1.4 per cent, to 6,845.75. Although officials have declined to announce details of the talks, investors see the developments as positive for equities. Turnover swelled to HK$6.4bn from HK$4.1bn, boosted by an HK$1.27bn placement by Wharf Holdings on Friday.

Mr Peter Bristowe at HG Asia in London said the improvement in sentiment caused investors to focus on blue chips which had been underperforming.

SINGAPORE firmed on gains in the shipyard and banking sectors. The Straits Times Industrial index climbed 24.19 to 1,797.26 in volume of 275.3m shares. Traders said interest had shifted from Malaysian shares to second and third tier Singapore issues.

AUSTRALIA surged to its highest close since January 1990 in spite of the fact that only Victoria and Tasmania were open for business, with other centres closed for the Anzac holiday. The All Ordinaries index rose 7.5 to 1,710.1 in low turnover of A$162m.

BANGKOK was unsettled by reports that investigations into alleged share manipulation had been widened. The SET index fell 17.58, or nearly 2 per cent, to 883.68 in low turnover of Bt3.74bn.

TAIWAN eased, with weakness evident in the banking sector following the postponement of First Commercial Bank's dividend. The weighted index closed 14.53 lower at 4,547.78 in thin turnover of T$31.7bn. First Commercial Bank lost T$4 to T$149.

MANILA recovered momentum in late trading, with a gain in PLDT lifting the market overall. The composite index firmed 5.42 to 1,552.41. PLDT added 20 pesos at 955 pesos. Turnover was 333.9m pesos.

KUALA LUMPUR saw further profit-taking in the afternoon but the composite index managed a rise of 1.79 to 693.44. Turnover came to 510m shares, against Friday's 345.7m.

BOMBAY remained weak, with a fall in the BSE index of 63.86 to 2,036.61.

SOUTH AFRICA

GOLD shares built on last week's gains as the bullion price advanced to a nine-month high. The golds index rose 109, or 8.3 per cent, to 1,426. Industrials put on 1 at 4,345 and the overall 77 at 3,687. Kloof added R5 at R45.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY APRIL 23 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY APRIL 22 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (68)	141.16	-0.4	132.90	98.71	116.27	131.84	-0.2	3.76	141.82	135.63	99.51	118.45	132.15	144.16	117.39	145.34
Austria (18)	144.16	+1.0	135.73	100.81	118.74	118.82	-0.3	1.75	142.74	136.71	100.16	116.22	118.16	150.96	131.16	168.46
Belgium (42)	152.05	+0.1	143.13	106.30	125.22	122.24	-1.3	4.63	151.81	145.49	106.56	126.67	123.61	156.76	131.18	138.87
Canada (110)	124.73	+0.8	117.41	87.20	102.71	113.89	+0.7	2.66	123.78	118.56	86.85	103.32	113.12	125.97	111.41	127.33
Denmark (33)	215.29	+1.7	202.86	150.51	177.29	178.17	+0.5	1.27	211.77	202.83	148.59	176.88	177.28	215.29	185.11	233.32
Finland (23)	90.40	+3.1	85.09	63.20	74.44	103.63	+1.4	1.20	87.64	83.94	61.50	73.20	102.22	90.40	65.50	77.42
France (98)	160.57	+0.1	151.15	112.25	132.22	134.76	-1.2	3.34	160.43	153.65	112.56	133.56	136.40	167.36	142.72	157.29
Germany (62)	115.97	+1.0	109.16	81.08	95.50	95.50	-0.4	2.23	114.84	109.99	80.59	95.91	95.91	117.10	101.59	118.41
Hong Kong (56)	270.45	+0.2	254.40	189.01	222.66	268.23	+0.2	3.45	269.81	258.41	189.31	225.36	267.77	270.95	218.82	221.02
Ireland (15)	164.27	+0.5	154.63	114.84	135.28	150.16	-0.3	3.53	163.45	156.54	114.68	136.51	151.52	170.40	129.28	161.18
Italy (73)	67.48	+3.3	63.52	47.17	55.57	75.11	+0.9	2.62	65.30	62.55	45.82	54.54	74.47	67.48	53.78	71.65
Japan (470)	138.37	+1.1	130.25	96.74	113.97	96.74	+0.7	0.86	136.85	131.08	96.03	114.32	96.03	141.84	100.75	96.49
Malaysia (69)	311.98	+0.2	293.12	217.88	256.42	305.21	-0.1	2.16	310.86	297.73	218.11	259.63	307.87	311.83	251.66	237.10
Mexico (18)	1624.12	+0.6	1528.83	1135.45	1337.49	5493.20	+0.7	1.23	1613.74	1545.56	1132.28	1347.83	5457.24	1725.81	1410.30	1711.71
Netherland (24)	171.56	+0.1	161.49	119.94	141.28	139.38	-1.2	3.87	171.31	164.07	120.20	143.08	141.13	172.75	150.39	154.54
New Zealand (13)	48.35	-0.7	45.51	33.80	39.82	47.43	-0.7	4.81	48.67	46.62	34.15	40.65	47.78	48.67	40.56	44.07
Norway (22)	157.26	+1.7	148.04	109.95	129.51	142.96	+0.3	1.85	154.69	148.16	108.54	129.21	142.52	168.26	137.71	172.40
Singapore (38)	236.54	+0.4	222.66	165.37	194.79	176.37	+0.4	1.90	235.65	225.60	165.28	196.74	175.69	236.54	207.04	204.12
South Africa (60)	174.55	+1.4	164.31	122.03	143.74	177.79	+1.5	2.89	172.13	164.85	120.77	143.75	175.15	178.48	144.72	226.11
Spain (45)	132.46	+0.6	124.68	92.61	109.09	117.01	+0.5	5.16	131.64	126.07	92.36	109.94	116.48	132.46	113.23	148.70
Sweden (36)	173.78	+1.0	163.56	121.48	143.10	167.13	-0.9	1.80	172.10	164.82	120.75	143.74	168.91	173.78	149.70	184.16
Switzerland (55)	121.72	+1.1	114.58	85.10	100.25	107.95	-0.7	2.02	120.36	115.27	84.45	100.54	108.75	121.72	102.72	[illegible]
United Kingdom (218)	181.46	+0.6	170.81	126.65	149.42	170.81	-1.1	4.03	180.34	172.72	126.52	150.61	172.72	181.46	162.00	168.25
USA (519)	178.42	-0.6	167.96	124.75	146.94	178.42	-0.6	2.85	179.46	171.87	125.92	149.89	179.46	186.27	175.38	166.63
Europe (764)	148.12	+0.8	139.43	103.56	121.99	132.54	-0.6	3.37	147.00	140.79	103.14	122.78	133.62	148.12	133.92	148.70
Nordic (114)	163.32	+1.4	153.73	114.18	134.49	154.52	+0.3	1.81	161.07	154.26	113.01	134.53	154.65	163.32	142.13	173.18
Pacific Basin (713)	142.40	+1.0	134.05	99.56	117.27	102.99	+0.7	1.15	141.04	135.08	98.96	117.80	102.32	145.00	105.89	102.41
Euro-Pacific (1477)	144.62	+0.9	136.14	101.10	119.09	115.38	+0.0	2.08	143.36	137.30	100.58	119.73	115.33	146.03	117.26	121.14
North America (629)	175.08	-0.5	164.80	122.41	144.20	174.03	-0.5	2.85	175.99	168.55	123.50	147.02	174.95	185.27	171.51	164.16
Europe Ex. UK (546)	127.60	+0.8	120.11	89.22	105.10	110.87	-0.2	2.92	126.51	121.16	88.78	105.69	111.65	128.23	112.70	[illegible]
Pacific Ex. Japan (243)	182.31	+0.1	171.61	127.47	150.15	165.84	+0.0	3.28	182.38	174.67	127.98	152.34	165.82	182.38	152.51	125.14
World Ex. US (1668)	145.15	+0.9	136.64	101.49	119.54	117.36	-0.1	2.11	143.85	137.80	100.95	120.16	117.25	146.39	118.65	123.56
World Ex. UK (1968)	152.83	+0.3	143.86	106.85	125.87	132.75	-0.1	2.21	152.40	145.96	106.94	127.30	132.84	155.77	134.22	132.34
World Ex. So. Af. (2124)	155.32	+0.3	146.21	108.60	127.92	135.82	-0.2	2.39	154.84	148.30	108.65	129.34	136.07	157.86	137.29	136.58
World Ex. Japan (1714)	166.07	+0.0	156.32	116.11	136.78	158.30	-0.6	3.05	166.08	159.07	116.55	138.74	159.19	[illegible]	[illegible]	[illegible]
The World Index (2184)	155.33	+0.3	146.22	108.60	127.93	136.21	-0.2	2.39	154.84	148.30	108.65	129.34	136.44	157.83	137.32	137.15

Latest prices were unavailable for this edition.